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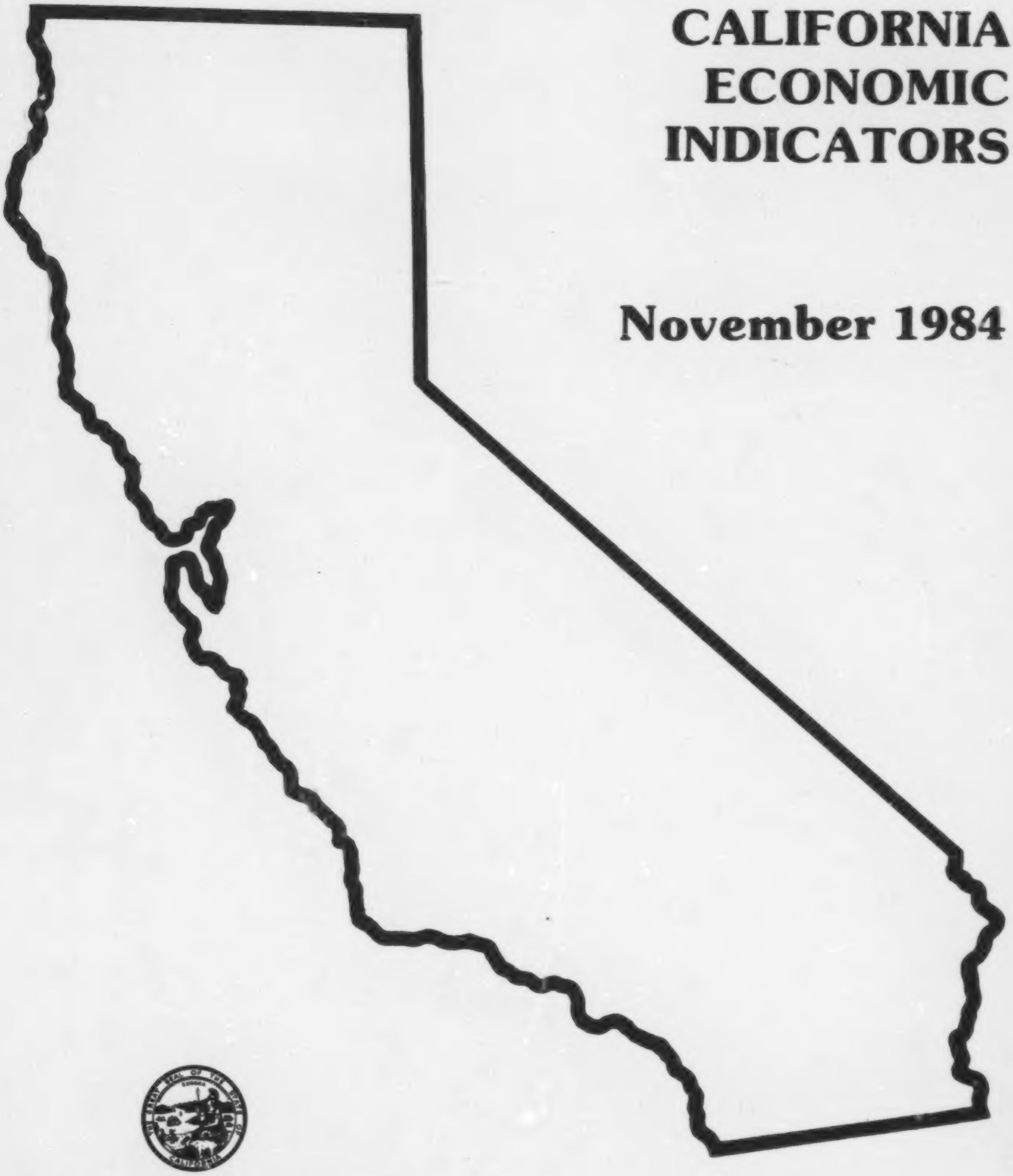
# CALIFORNIA ECONOMIC INDICATORS

## November 1984



DEPARTMENT OF FINANCE

# INTRODUCTION

California Economic Indicators is a bimonthly summary of economic trends and data relating to the State of California. Generally patterned after the U.S. Census Bureau publication Business Conditions Digest, the report contains the following regular features:

- review of economic developments
- current California economic data table
- economic indicator charts
- basic data for California economic series
- chronology of major economic events

Developments in California over the most recent months are reviewed in a brief text, and then summarized in a current data table which shows changes over the previous year. Charts containing monthly and quarterly series from 1974 are included to facilitate the review of current developments, and to appraise the significance of the developments on the State economy. Much of the data in the report has been seasonally adjusted by the source agency or the Department of Finance.

Sources are cited on the inside back cover to assist readers in obtaining any additional information on the statistical series published. Finally, reference dates for U.S. business cycles, as determined by the National Bureau of Economic Research, are shown on the back of the publication.

The Department of Finance welcomes suggestions on additions or changes which would make the Indicators a more useful publication. Correspondence should be addressed to State of California, Department of Finance, Financial Research Unit, 1025 P Street, Sacramento, CA 95814.

Subscriptions are $5.00 per year, and begin with the January issue. The subscription price will be prorated throughout the year based upon the beginning subscription date, as shown below:

| Beginning Subscription Date | Prorated Amount due |
|---|---|
| January | $5.00 |
| March | 4.15 |
| May | 3.35 |
| July | 2.50 |
| September | 1.65 |
| November | 0.85 |

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## REVIEW OF ECONOMIC DEVELOPMENTS

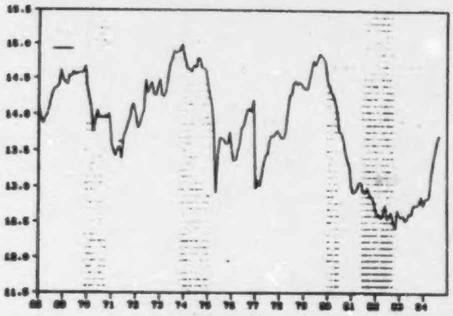
In the midst of seemingly contradictory economic news the economy appears to be undergoing a period of consolidation. In August, the California index of leading economic indicators once again reversed itself declining .9 percent to 138.4. While this is its lowest point since December 1983 it is still, with the exception of April, within the narrow two point range that the index has registered since January.

Despite the fact that interest rates have eased recently, the effective rate for conventional mortgages still hovers around 14 percent creating a drag on housing. At these rates the August housing increase to an annual rate of 216,100 units would not appear to be indicative of overall renewed strength in the industry. Relatively high interest rates, however, appear to be having a very limited effect on autos with the big three planning for substantial production through the remainder of the year and beyond. California auto sales also appear to be holding up well when compared to the healthy second half of 1983. Retail sales in California continue their strong performance having reached $13.1 billion in August, an increase of 8 percent over the year earlier.

Personal income estimates for the first two quarters of 1984 have recently been revised downward. The third quarter estimate of $378.6 billion on an annual rate basis is quite strong, however, with wages and salaries growing by over $7.5 billion to $233 billion. This was the 10th consecutive quarterly increase in wages and salaries. State and local government, services, manufacturing and trade were responsible for most of the salary growth. The other major contributor to the overall personal income rise was interest which comprised the majority of an almost $3 billion gain in property income.

While debt has increased relative to income it is still not too heavy from a historical standpoint, leaving room for further expansion in consumer spending with renewed support of durable goods. At the very least, consumption should serve as a stablizing force during the current leveling off that is indicated by the 1.9 percent third quarter growth in real GNP. However, if the debt load continues to increase at too rapid a pace it could serve to retard activity both nationally and in California during 1985.

Consumer Credit Excluding Revolving Credit as a Percent of Disposable Personal Income



Perhaps the strongest aspect of the present economic outlook is employment. Nonagricultural wage and salary employment in California continues to set new highs, reaching 10,700,900 in October for a 5.1 percent gain from the year earlier level. California's unemployment rate of 7.5 percent compares quite favorably with the national rate of 7.4 percent. The revised nonagricultural employment figures are available on request from the Department of Finance and have been used in the accompanying tables of this publication.

The service industries still comprise the largest sector of the California economy in terms of employment with over 2.5 million jobs, followed closely by trade and manufacturing. All three sectors are expected to remain strong. The sectors showing the greatest rate of growth over the previous year are construction and aerospace with increases of 11 and 9.1 percent, respectively. Construction employment should continue to increase at a fairly healthy pace despite an expected downturn in housing. The growth in construction employment will come from commercial building which is continuing at a somewhat unexplainable rate considering the high vacancy factors in most geographic areas around the State. Job growth in aerospace is expected to moderate in the upcoming months but personnel shortages will remain in certain of the more technical job categories.

Inflation remains well in check. Price increases in California for food, apparel, transportation and even medical care will be quite moderate with only rent, homeowners cost, and utilities expected to exceed 6 percent. As a result, the rise in the consumer price index for all urban consumers should be around 5 percent in 1984.

## CURRENT CALIFORNIA ECONOMIC DATA

| | 1984 | | | | 1983 | | Percent Change |
|---|---|---|---|---|---|---|---|
| | October | September | August | July | October | September | Oct. 1983-Oct. 1984 |
| Employment[a] | | | | | | | |
| Civilian employment (000) | 11,775 | 11,641 | 11,697 | 11,610 | 11,279 | 11,288 | 4.4 |
| Unemployment (000) | 949 | 1,049 | 968 | 1,036 | 1,054 | 1,116 | -10.0 |
| Unemployment rate | 7.5 | 8.3 | 7.6 | 8.2 | 8.5 | 9.0 | -- |
| Nonagricultural wage and salary employment[b] (000) | 10,700.9 | 10,690.4 | 10,682.4 | 10,650.6 | 10,186.1 | 10,165.6 | 5.1 |
| Mining | 49.4 | 49.6 | 49.7 | 49.2 | 49.0 | 48.3 | 3.3 |
| Construction | 450.2 | 449.1 | 450.5 | 453.2 | 405.6 | 394.7 | 11.0 |
| Manufacturing | 2,059.0 | 2,057.5 | 2,064.9 | 2,066.3 | 1,963.3 | 1,969.5 | 4.9 |
| Aerospace[c] | 710.1 | 707.8 | 709.3 | 700.8 | 650.6 | 648.7 | 9.1 |
| Transportation and public utilities | 565.5 | 561.2 | 561.6 | 559.2 | 548.6 | 545.1 | 3.1 |
| Trade | 2,542.0 | 2,543.6 | 2,534.0 | 2,525.8 | 2,388.9 | 2,397.0 | 6.4 |
| Finance, insurance, and real estate | 704.2 | 704.3 | 702.4 | 700.1 | 681.8 | 673.9 | 3.3 |
| Services | 2,570.1 | 2,559.8 | 2,567.2 | 2,552.7 | 2,418.3 | 2,403.5 | 6.3 |
| Government | 1,760.0 | 1,765.3 | 1,752.1 | 1,744.1 | 1,730.6 | 1,733.6 | 1.7 |
| Federal | 334.3 | 334.1 | 331.0 | 329.1 | 329.0 | 327.6 | 1.6 |
| State and local | 1,425.7 | 1,431.2 | 1,421.1 | 1,415.0 | 1,401.6 | 1,406.0 | 1.7 |
| Hours and Earnings, Manufacturing | | | | | | | |
| Average weekly hours | 40.0 | 40.2 | 40.2 | 39.9 | 40.4 | 40.0 | -1.0 |
| Average weekly earnings | $392.00 | $396.77 | $394.36 | $391.02 | $386.07 | $386.88 | 1.5 |
| Average hourly earnings | $9.80 | $9.87 | $9.81 | $9.80 | $9.58 | $9.60 | 2.3 |
| Index of Leading Indicators | n.a. | n.a. | 138.4 | 139.7 | 135.0 | 133.8 | -- |
| Trade | | | | | | | |
| Retail sales (millions) | n.a. | n.a. | $13,074 | $12,617[r] | $12,169 | $12,092 | -- |
| New auto registrations (number) | 99,547 | 101,547 | 99,530 | 96,570 | 87,203 | 83,536 | 14.2 |
| New Incorporations (number) | 5,386 | 4,424 | 5,378 | 5,051 | 4,856 | 4,700 | 10.9 |
| Consumer Price Index, all items[d] | | | | | | | |
| California average (1967=100) | 320.4 | -- | 316.7 | -- | 303.6 | -- | 5.5 |
| San Francisco (1967=100) | 327.5 | -- | 323.4 | -- | 305.7 | -- | 7.1 |
| Los Angeles (1967=100) | 311.9 | 310.2 | 308.6 | 305.9 | 297.0 | 296.4 | 5.0 |
| San Diego (1967=100) | -- | 357.1 | -- | 351.3 | -- | 340.4 | -- |
| Production | | | | | | | |
| Petroleum (000 barrels daily) | n.a. | n.a. | 1,138.2 | 1,124.0 | 1,115.8 | 1,118.4 | -- |
| Portland cement (000 short tons) | n.a. | 733.8 | 845.2 | 777.9 | 777.7 | 762.1 | -- |
| Raw steel (000 net tons) | 28.8 | 27.9 | 28.7 | 33.3 | 109.8 | 132.0 | -73.8 |
| Selected redwood mill production (mil. FBM) | n.a. | 63.3 | 70.4 | 57.1 | 96.9 | 82.8 | -- |
| Construction | | | | | | | |
| Private residential housing units authorized, SAAR (000) | n.a. | n.a. | 216.1 | 200.7 | 166.6 | 172.3 | -- |
| Nonresidential building authorized, valuation (millions) | n.a. | n.a. | $1,167.4 | $1,003.8 | $952.6 | $860.3 | -- |

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[a] Adjusted for seasonal variation.
[b] Interim series of wage and salary workers. This unofficial series is adjusted for the latest tabulations of unemployment insurance coverage and approximates what the official data will be when estimates are updated at year end.
[c] The Interim Series does not give a breakdown for aerospace employment. These values are from the EDD official employment series, and are not seasonally adjusted.
[d] All urban series. New basis since January 1983.
[p] Preliminary estimate.
[r] Revised.
n.a. Not available

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# ECONOMIC INDICATOR CHARTS

Series classification as leading or coincident indicators generally follows that established by the National Bureau of Economic Research. The exceptions to this are production worker man-hours, insured unemployment, manufacturing employment, and taxable sales. These series are discussed in the technical note below.

Data are plotted either monthly or quarterly. The Arabic numeral in the right hand corner of each graph indicates the latest month or quarter for which the data are plotted (e.g.: 1 = January or first quarter). The basic data tables indicate the frequency of each of the series plotted.

## TECHNICAL NOTE

Whenever appropriate, data used in the charts have been seasonally adjusted. The series on average weekly hours of production workers in manufacturing and production worker man-hours are adjusted by the Bureau of Labor Statistics method. Other series have been adjusted by the Bureau of the Census (Shiskin) method. Persons interested in a detailed description of these methods are referred to the U.S. Department of Labor, Bureau of Labor Statistics, the BLS Seasonal Factor Method (1964); and the U.S. Department of Commerce, Bureau of the Census, Technical Paper No. 15, The X-11 Variant of the Census Method II, Seasonal Adjustment Program (November 1965.)

Under the Census Bureau seasonal method, the addition of new data points changes historical seasonal factors. To avoid monthly data changes in the California Economic Indicators it is necessary to "freeze" the seasonally adjusted data through the past year and manually compute current year values from the projected seasonal factors. Thus historical revisions will be incorporated annually.

### Production Worker Man-Hours

This series is a substitute for the man-hours in nonagricultural establishments series used in the Census Bureau's publication, Business Cycle Developments. It is the cross product of average weekly hours of production workers in manufacturing and manufacturing employment. Workweek data are a leading indicator. Manufacturing employment appears to be a coincident indicator, although at times it seems to lead economic downturns. Because of this, the man-hours series has been classified in the present publication as a leading indicator.

### Insured Unemployment

The series on total insured unemployment is being used rather than the insured unemployment rate included in the Census Bureau's indicator list. The insured rate is available only with a lag of nine months, which precludes its usefulness as a current indicator.

### Manufacturing Employment

This series is also an addition to the Census Bureau indicator list. It was used here because it appears to show cyclical fluctuations clearly and extends the limited number of series presently available for the State.

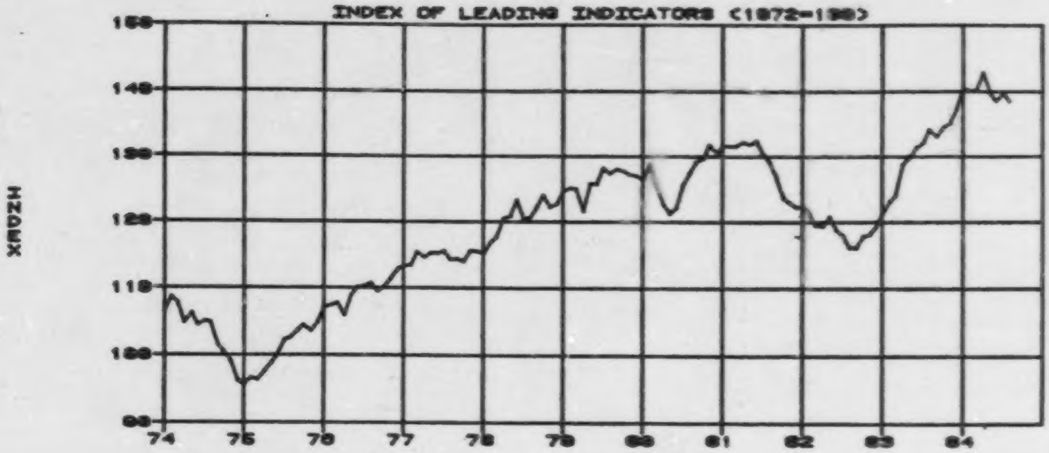
### Taxable Sales

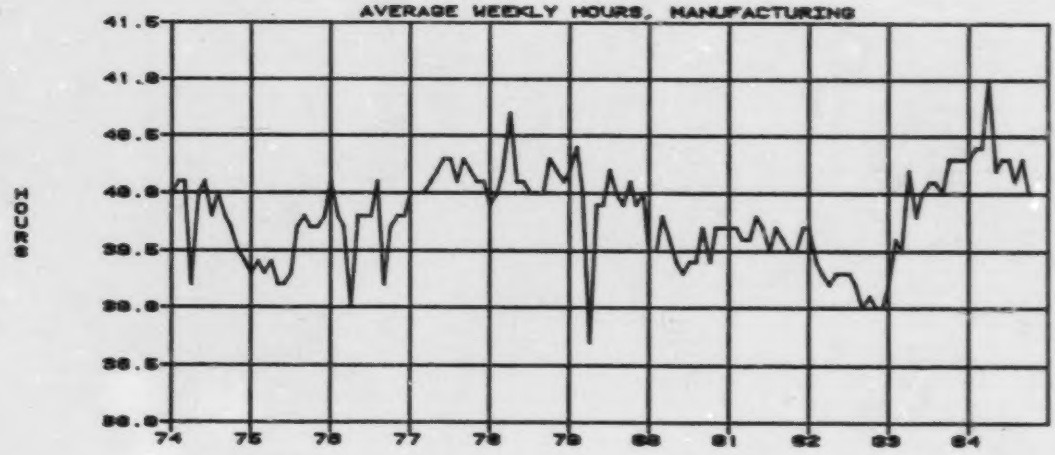
Taxable sales are used here as a proxy for retail trade. Data on the latter are not available for California prior to 1964. The taxable series includes sales by both retail and wholesale establishments, and is therefore a broad indicator of business activity. It has been classified as a coincident indicator on the basis of fluctuations in the series since 1950.

The other indicators shown are for general interest only. They are not directly related to the cyclical indicator series, but will be of interest to persons looking at overall economic developments.

### Standard Abbreviations

| | | | |
|---|---|---|---|
| n.a. | Not available | p | Preliminary |
| e | Estimate | r | Revised |


INDEX OF LEADING INDICATORS (1972=100)
INDEX
150
140
130
120
110
100
90
74
75
76
77
78
79
80
81
82
83
84


AVERAGE WEEKLY HOURS, MANUFACTURING
HOURS
41.5
41.0
40.5
40.0
39.5
39.0
38.5
38.0
74
75
76
77
78
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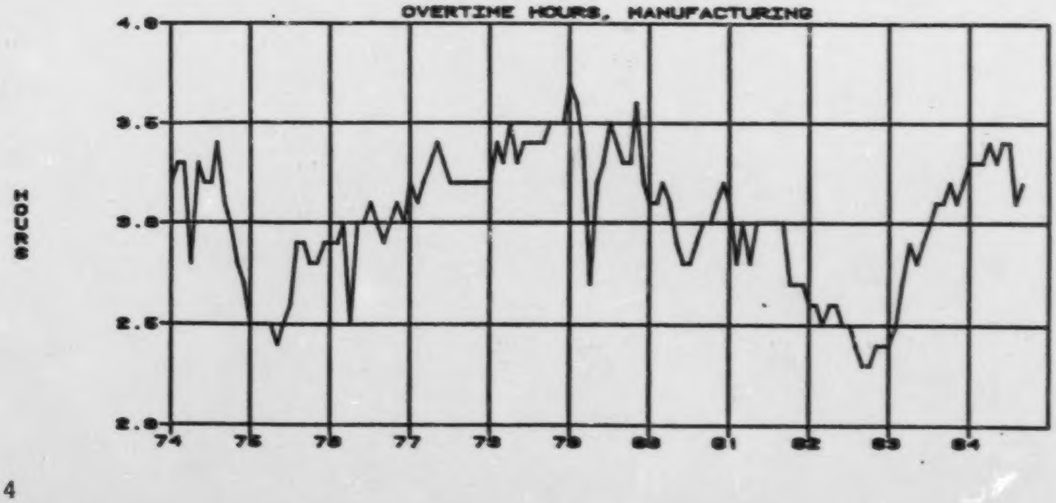
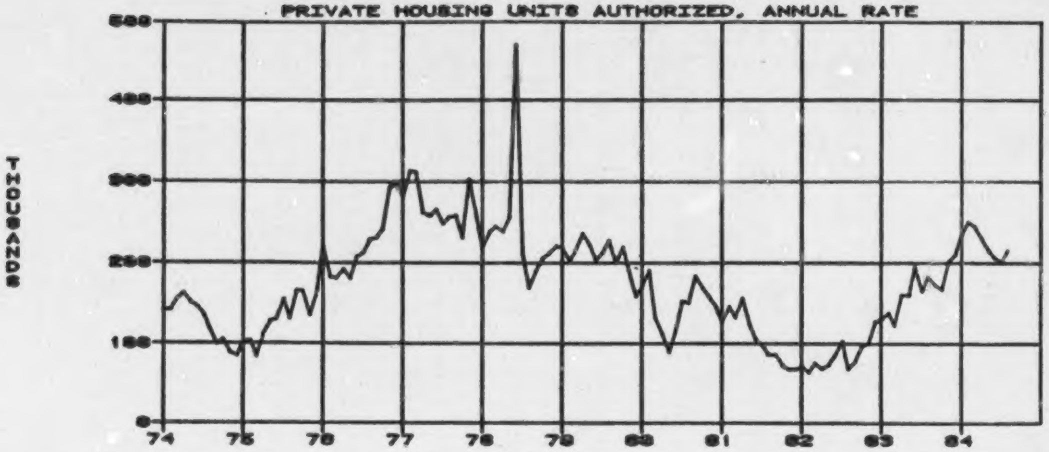
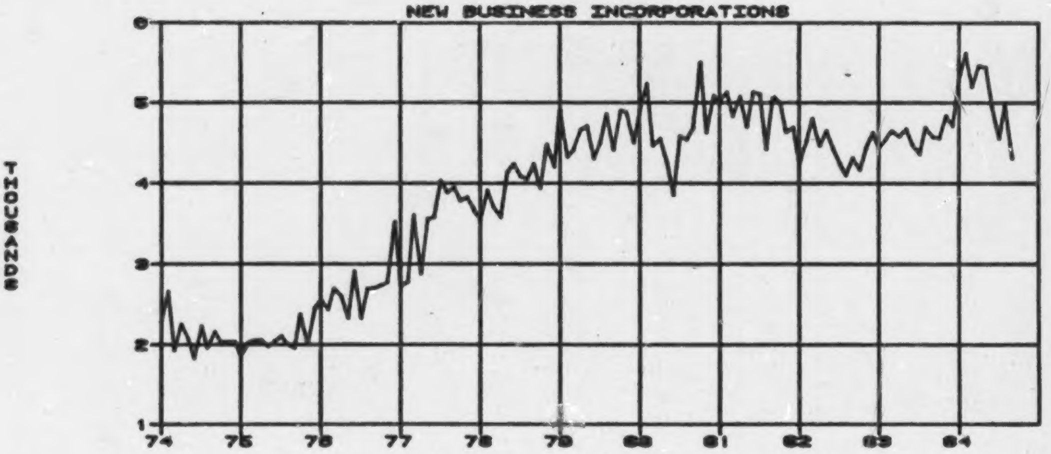
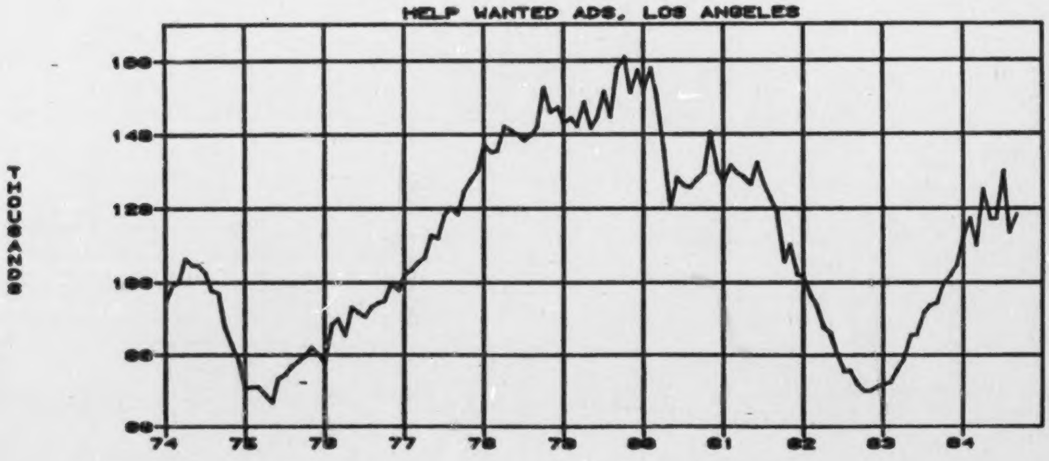
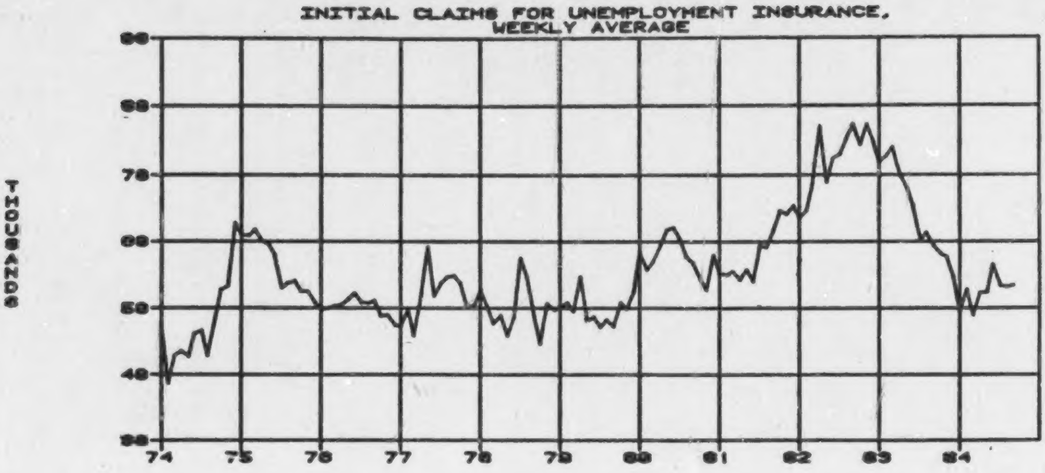
80
81
82
83
84

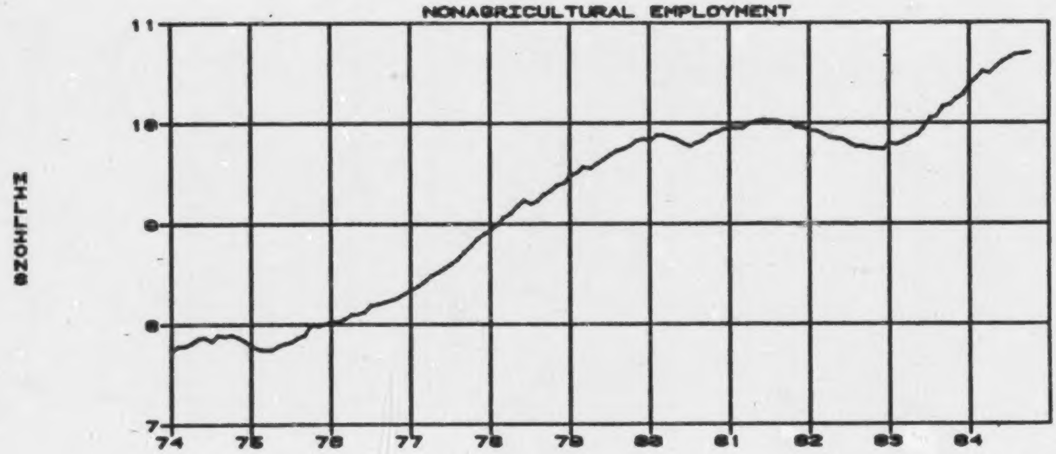

OVERTIME HOURS, MANUFACTURING
HOURS
4.0
3.5
3.0
2.5
2.0
74
75
76
77
78
79
80
81
82
83
84


PRIVATE HOUSING UNITS AUTHORIZED, ANNUAL RATE


NEW BUSINESS INCORPORATIONS


HELP WANTED ADS, LOS ANGELES


INITIAL CLAIMS FOR UNEMPLOYMENT INSURANCE,
WEEKLY AVERAGE
THOUSANDS
90
80
70
60
50
40
30
74
75
76
77
78
79
80
81
82
83
84


NONAGRICULTURAL EMPLOYMENT
MILLIONS
11
10
9
8
7
74
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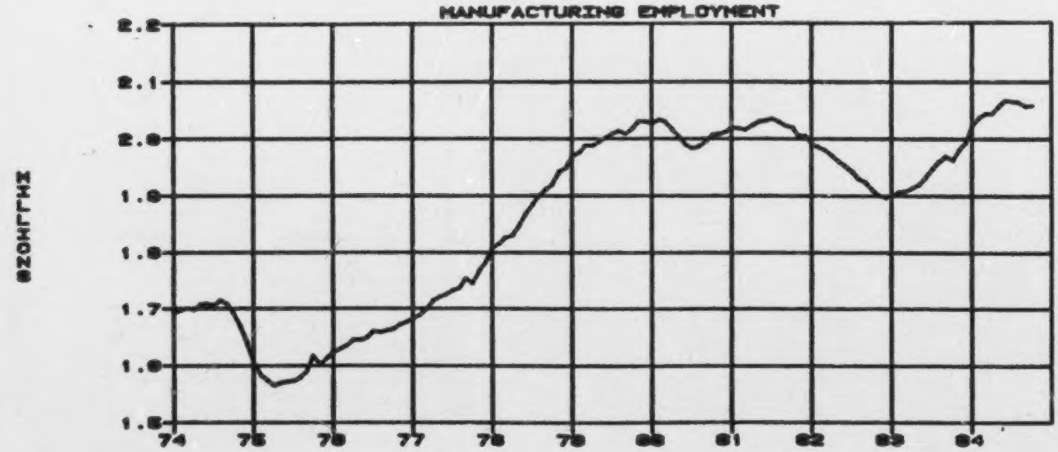
84


MANUFACTURING EMPLOYMENT
MILLIONS
2.2
2.1
2.0
1.9
1.8
1.7
1.6
1.5
74
75
76
77
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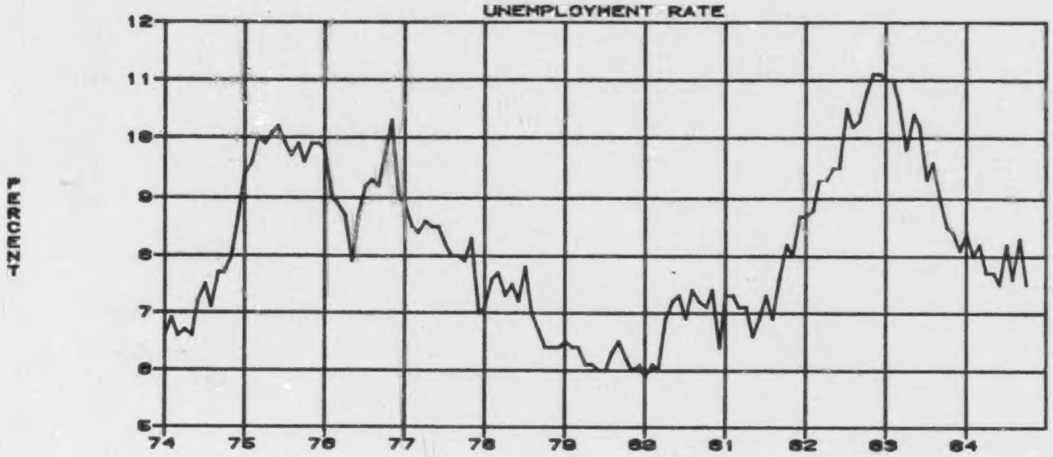
84


UNEMPLOYMENT RATE
PERCENT
12
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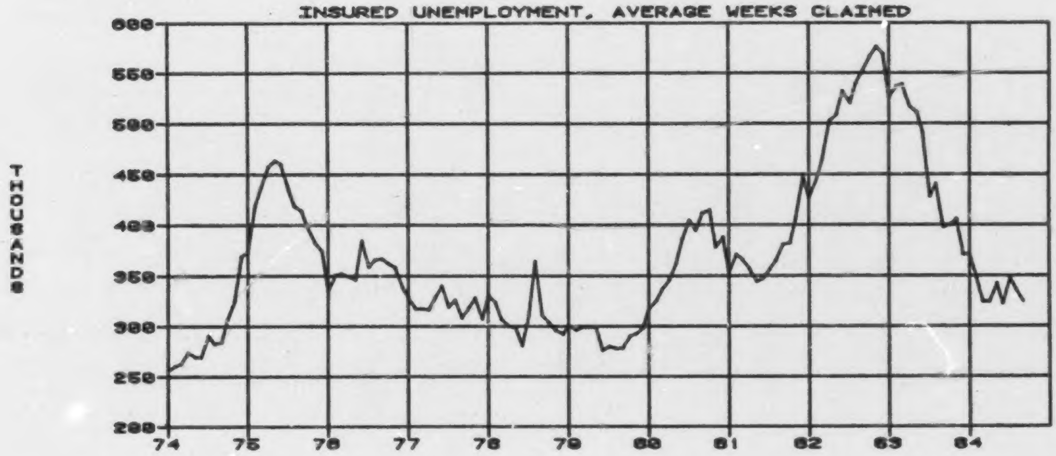
INSURED UNEMPLOYMENT, AVERAGE WEEKS CLAIMED
THOUSANDS
600
550
500
450
400
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300
250
200
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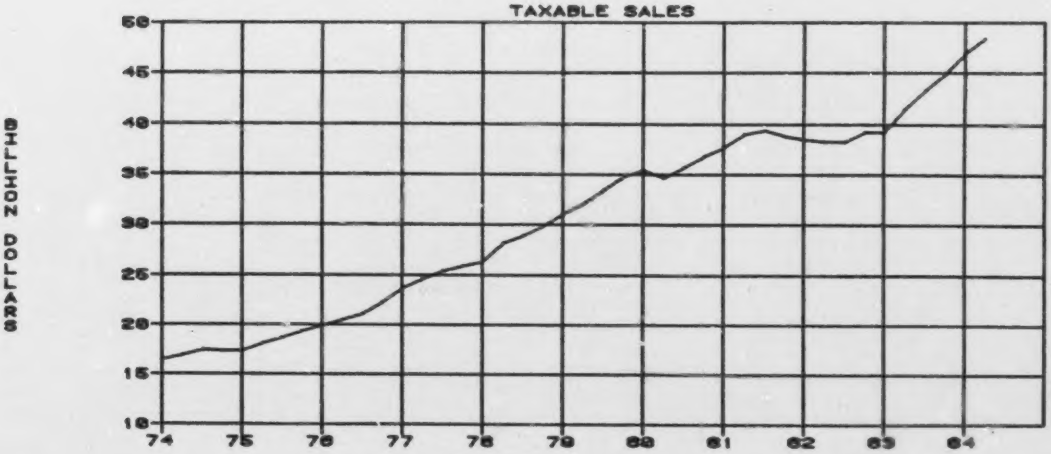
TAXABLE SALES
BILLION DOLLARS
50
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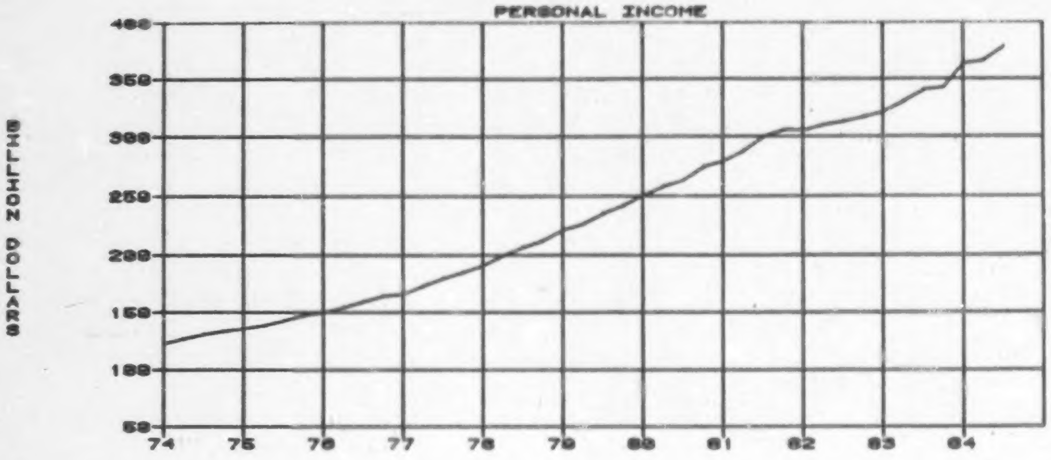
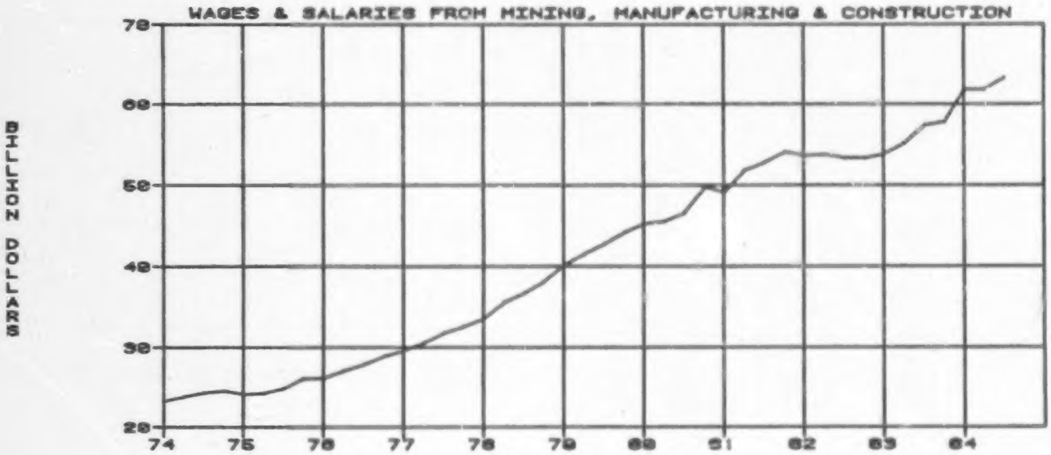
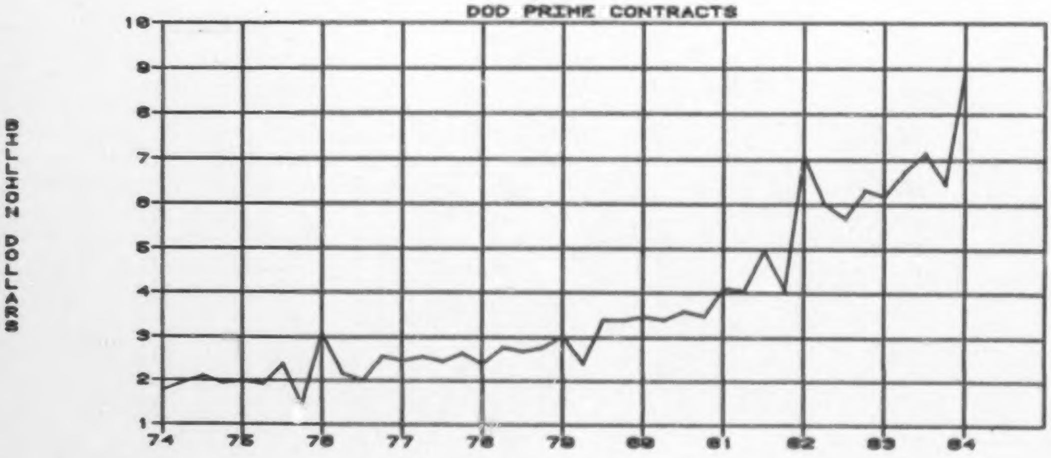
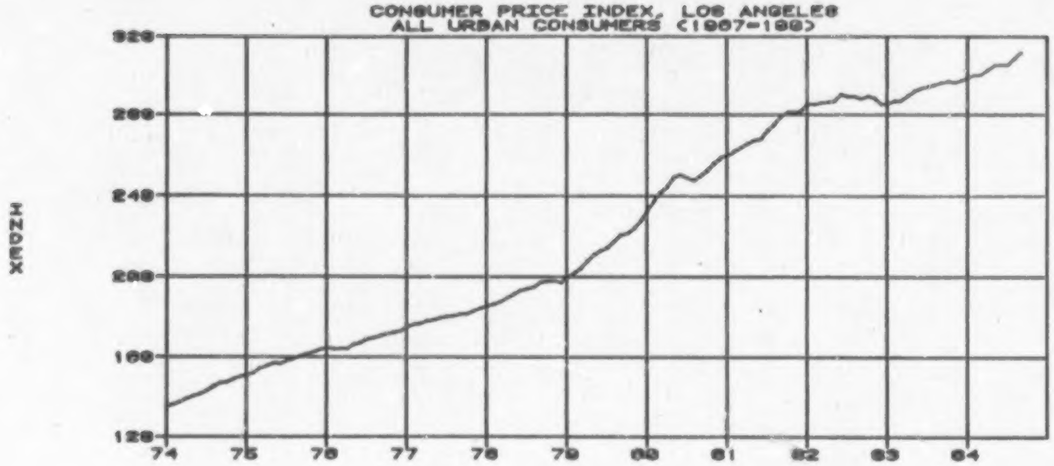
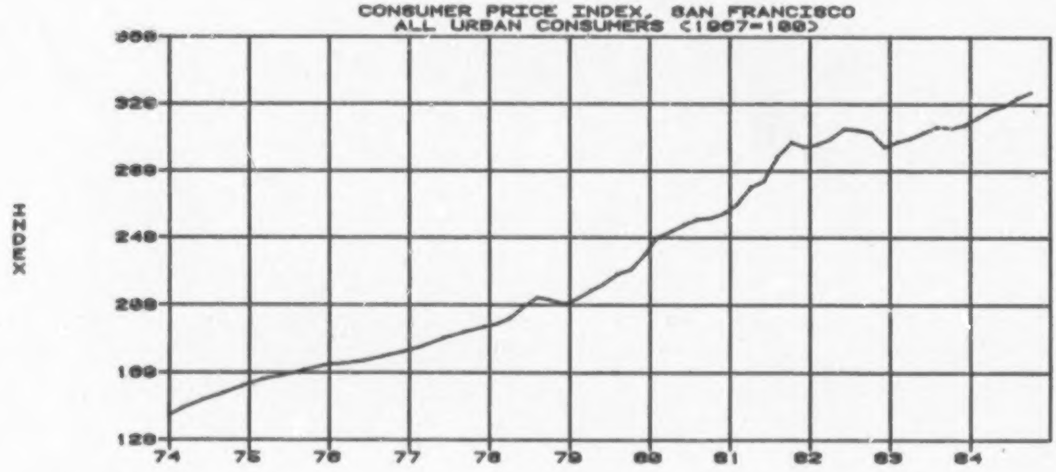
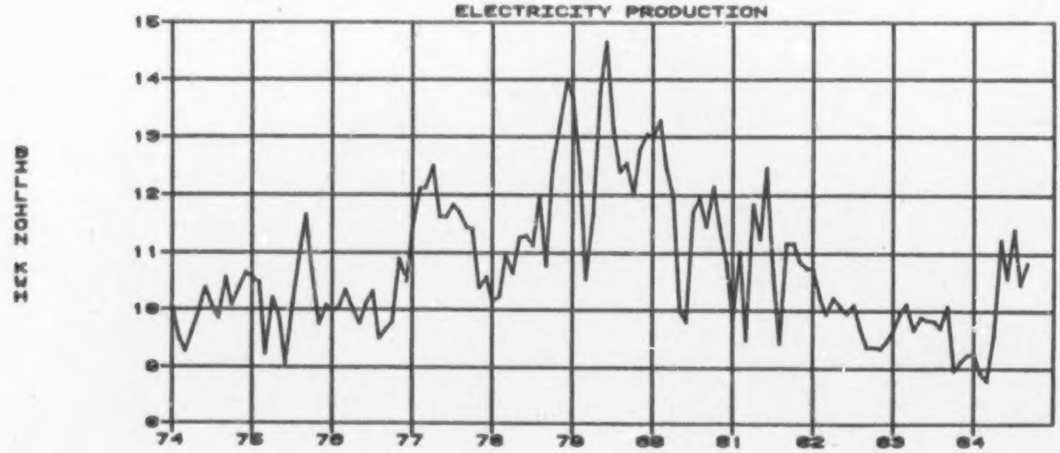

PERSONAL INCOME


WAGES & SALARIES FROM MINING, MANUFACTURING & CONSTRUCTION


DOD PRIME CONTRACTS


CONSUMER PRICE INDEX, LOS ANGELES
ALL URBAN CONSUMERS (1967=100)


CONSUMER PRICE INDEX, SAN FRANCISCO
ALL URBAN CONSUMERS (1967=100)


ELECTRICITY PRODUCTION

## BASIC DATA FOR CALIFORNIA ECONOMIC SERIES

(Seasonally Adjusted Except as Noted)

| | Leading Indicators | | | | | | |
|---|---|---|---|---|---|---|---|
| Year and Month | Index of Leading Indicators (1972=100) | Average Weekly Hours, Manufacturing | Help Wanted Ads-- Los Angeles Area (thousands) | Initial Claims for Unemployment Insurance Weekly Avg. (thousands) | Overtime Hours Manufacturing | Total Housing Units Authorized (thousands) | New Business Incorporations |
| **1981** | | | | | | | |
| January | 131.5 | 39.7 | 127.2 | 55.3 | 3.1 | 128.8 | 5,026 |
| February | 131.6 | 39.7 | 131.5 | 55.0 | 2.8 | 148.2 | 5,133 |
| March | 131.7 | 39.6 | 129.7 | 55.6 | 3.0 | 130.9 | 4,832 |
| April | 132.2 | 39.6 | 128.4 | 54.3 | 2.8 | 158.5 | 5,075 |
| May | 131.8 | 39.8 | 126.5 | 55.7 | 3.0 | 131.0 | 4,704 |
| June | 132.3 | 39.7 | 132.1 | 54.0 | 3.0 | 109.5 | 5,133 |
| July | 130.2 | 39.5 | 126.6 | 59.4 | 3.0 | 96.2 | 5,110 |
| August | 129.3 | 39.7 | 123.1 | 59.2 | 3.0 | 86.3 | 4,426 |
| September | 127.4 | 39.6 | 119.1 | 61.7 | 3.0 | 83.6 | 5,088 |
| October | 123.8 | 39.5 | 105.7 | 64.7 | 2.7 | 68.1 | 4,998 |
| November | 123.9 | 39.5 | 110.0 | 64.1 | 2.7 | 64.5 | 4,635 |
| December | 123.5 | 39.7 | 102.1 | 65.4 | 2.7 | 67.7 | 4,693 |
| **1982** | | | | | | | |
| January | 122.9 | 39.7 | 101.5 | 63.6 | 2.6 | 72.4 | 4,247 |
| February | 121.6 | 39.4 | 96.3 | 64.9 | 2.6 | 66.0 | 4,522 |
| March | 120.5 | 39.3 | 93.6 | 68.7 | 2.5 | 74.3 | 4,801 |
| April | 119.8 | 39.2 | 87.7 | 76.8 | 2.6 | 70.3 | 4,471 |
| May | 121.1 | 39.3 | 85.9 | 68.9 | 2.6 | 78.1 | 4,650 |
| June | 119.2 | 39.3 | 80.4 | 72.3 | 2.5 | 90.9 | 4,436 |
| July | 118.5 | 39.3 | 75.5 | 73.0 | 2.5 | 101.0 | 4,239 |
| August | 116.7 | 39.2 | 75.7 | 75.0 | 2.4 | 68.5 | 4,098 |
| September | 117.0 | 39.0 | 72.2 | 77.2 | 2.3 | 73.4 | 4,315 |
| October | 118.2 | 39.1 | 69.9 | 74.2 | 2.3 | 88.7 | 4,166 |
| November | 119.1 | 39.0 | 70.2 | 77.2 | 2.4 | 93.4 | 4,445 |
| December | 120.6 | 39.0 | 71.2 | 74.6 | 2.4 | 127.5 | 4,619 |
| **1983** | | | | | | | |
| January | 121.7 | 39.2 | 72.0 | 71.9 | 2.4 | 130.9 | 4,440 |
| February | 123.8 | 39.6 | 72.4 | 72.7 | 2.5 | 141.7 | 4,558 |
| March | 124.8 | 39.5 | 75.5 | 73.9 | 2.7 | 116.9 | 4,644 |
| April | 129.2 | 40.2 | 78.7 | 70.1 | 2.9 | 160.1 | 4,579 |
| May | 130.0 | 39.8 | 85.3 | 68.1 | 2.8 | 167.1 | 4,675 |
| June | 131.5 | 40.0 | 85.6 | 65.5 | 2.9 | 208.4 | 4,478 |
| July | 132.4 | 40.1 | 91.7 | 60.2 | 3.0 | 157.3 | 4,360 |
| August | 133.5 | 40.1 | 93.5 | 61.4 | 3.1 | 174.6 | 4,692 |
| September | 133.8 | 40.0 | 94.5 | 59.3 | 3.1 | 158.9 | 4,574 |
| October | 135.0 | 40.3 | 99.9 | 58.2 | 3.2 | 145.8 | 4,554 |
| November | 135.7 | 40.3 | 101.9 | 57.8 | 3.1 | 186.3 | 4,841 |
| December | 137.3 | 40.3 | 105.0 | 54.6 | 3.2 | 215.5 | 4,713 |
| **1984** | | | | | | | |
| January | 140.4 | 40.3 | 112.5 | 49.5 | 3.3 | 235.8 | 5,283 |
| February | 140.1 | 40.4 | 117.4 | 52.8 | 3.3 | 250.9 | 5,617 |
| March | 140.1 | 40.4 | 110.0 | 49.1 | 3.3 | 244.7 | 5,197 |
| April | 142.8 | 41.0 | 125.2 | 52.3 | 3.4 | 230.0 | 5,462 |
| May | 139.7 | 40.2 | 117.2 | 52.5 | 3.3 | 215.0 | 5,441 |
| June | 138.5 | 40.3 | 117.2 | 56.5 | 3.4 | 206.8 | 4,954 |
| July | 139.7 | 40.3 | 130.0 | 53.4 | 3.4 | 200.7 | 4,559 |
| August | 138.4 | 40.1 | 113.7 | 53.3 | 3.1 | 216.1 | 4,980 |
| September | | 40.3 | 118.6 | 53.5 | 3.2 | | 4,295 |

BASIC DATA FOR CALIFORNIA ECONOMIC SERIES (Continued)

(Seasonally Adjusted Except as Noted)

| | Coincident Indicators | | | | | | Other Indicators |
|---|---|---|---|---|---|---|---|
| Year and Month | Nonagricultural Employment (thousands) | Wages and Salaries in Mining, Manufacturing and Construction (mil dol.) | Unemployment Rate | Insured Unemployment Average Weeks Claimed (thousands) | Personal Income (mil dol.) | Taxable Sales (mil dol.) | Manufacturing Employment (thousands) |
| 1981 | | | | | | | |
| January | 9,956.7 | | 7.3 | 353 | | | 2,019.6 |
| February | 9,953.8 | 49,060 | 7.3 | 371 | 278,922 | 37,723 | 2,018.6 |
| March | 9,958.2 | | 7.1 | 366 | | | 2,016.1 |
| April | 10,005.0 | | 7.1 | 356 | | | 2,024.2 |
| May | 10,022.1 | 51,807 | 6.6 | 344 | 287,721 | 39,014 | 2,031.0 |
| June | 10,037.1 | | 6.9 | 347 | | | 2,032.5 |
| July | 10,029.4 | | 7.3 | 356 | | | 2,035.6 |
| August | 10,025.4 | 52,737 | 6.9 | 365 | 300,325 | 39,464 | 2,030.5 |
| September | 10,008.4 | | 7.6 | 381 | | | 2,024.5 |
| October | 10,008.3 | | 8.2 | 383 | | | 2,021.1 |
| November | 9,965.8 | 54,052 | 8.0 | 407 | 305,795 | 38,858 | 2,005.9 |
| December | 9,954.8 | | 8.7 | 448 | | | 2,005.8 |
| 1982 | | | | | | | |
| January | 9,927.3 | | 8.7 | 427 | | | 1,991.5 |
| February | 9,923.5 | 53,629 | 8.8 | 445 | 305,460 | 38,538 | 1,985.8 |
| March | 9,900.0 | | 9.3 | 464 | | | 1,980.9 |
| April | 9,860.4 | | 9.3 | 503 | | | 1,970.9 |
| May | 9,852.8 | 53,676 | 9.5 | 509 | 310,246 | 38,309 | 1,961.1 |
| June | 9,836.9 | | 9.5 | 532 | | | 1,952.4 |
| July | 9,799.8 | | 10.5 | 520 | | | 1,942.7 |
| August | 9,773.3 | 53,277 | 10.2 | 540 | 313,398 | 38,354 | 1,930.4 |
| September | 9,772.4 | | 10.3 | 552 | | | 1,924.3 |
| October | 9,752.2 | | 10.8 | 567 | | | 1,909.4 |
| November | 9,750.2 | 53,342 | 11.1 | 576 | 317,323 | 39,293 | 1,901.7 |
| December | 9,744.0 | | 11.1 | 569 | | | 1,897.0 |
| 1983 | | | | | | | |
| January | 9,798.2 | | 11.0 | 526 | | | 1,902.1 |
| February | 9,797.0 | 53,824 | 11.0 | 537 | 321,331 | 39,269 | 1,906.8 |
| March | 9,816.3 | | 10.6 | 539 | | | 1,908.4 |
| April | 9,854.8 | | 9.8 | 517 | | | 1,913.9 |
| May | 9,884.6 | 55,174 | 10.4 | 511 | 330,190 | 41,515 | 1,920.8 |
| June | 9,940.5 | | 10.2 | 491 | | | 1,932.5 |
| July | 10,056.5 | | 9.3 | 428 | | | 1,948.0 |
| August | 10,067.4 | 57,427 | 9.6 | 441 | 340,516 | 43,357 | 1,959.6 |
| September | 10,165.6 | | 9.0 | 398 | | | 1,969.5 |
| October | 10,186.1 | | 8.5 | 400 | | | 1,963.3 |
| November | 10,238.7 | 57,812 | 8.4 | 406 | 342,928 | 44,943 | 1,981.4 |
| December | 10,279.7 | | 8.1 | 371 | | | 1,994.5 |
| 1984 | | | | | | | |
| January | 10,384.6 r/ | | 8.4 | 371 | | | 2,023.3 r/ |
| February | 10,443.3 r/ | 61,906 r/ | 8.0 | 348 | 362,906 r/ | 46,934 | 2,037.4 r/ |
| March | 10,512.1 r/ | | 8.2 | 324 | | | 2,045.1 r/ |
| April | 10,492.1 r/ | | 7.7 | 324 | | | 2,044.5 r/ |
| May | 10,556.8 r/ | 61,886 r/ | 7.7 | 342 | 366,144 r/ | 48,455 | 2,058.8 r/ |
| June | 10,610.1 r/ | | 7.5 | 322 | | | 2,067.0 r/ |
| July | 10,650.6 r/ | | 8.2 | 347 | | | 2,066.3 r/ |
| August | 10,682.4 r/ | 63,481 | 7.6 | 336 | 378,622 | | 2,064.9 r/ |
| September | 10,690.41 | | 8.3 | 324 | | | 2,057.5 |
| October | 10,700.9 | | 7.5 | | | | 2,059.0 |

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r/Revised

## BASIC DATA FOR CALIFORNIA ECONOMIC SERIES (Continued)

(Seasonally Adjusted Except as Noted)

Other Indicators

| | | Consumer Price Index (1967=100)[c] | | | | | |
|---|---|---|---|---|---|---|---|
| | | San Francisco | | Los Angeles | | | |
| Year and Month | DOD Prime Contracts (mil dol.)[b] | Wage Earner and Clerical Worker | All Urban | Wage Earner and Clerical Worker | All Urban | Net New S&L Savings[c] (mil dol.) | Electricity Production (mil KWH) |
| 1981 | | | | | | | |
| January | | -- | -- | 262.7 | 259.4 | -241 | 9,831 |
| February | 4,105 | 261.6 | 260.5 | 265.0 | 261.6 | -2 | 11,005 |
| March | | -- | -- | 266.5 | 263.3 | -753 | 9,485 |
| April | | 270.9 | 270.3 | 269.1 | 265.5 | -830 | 11,847 |
| May | 4,051 | -- | -- | 270.7 | 267.3 | -44 | 11,240 |
| June | | 274.3 | 274.0 | 271.7 | 267.9 | -1,539 | 12,469 |
| July | | -- | -- | 276.3 | 272.2 | -1,020 | 10,626 |
| August | 4,979 | 287.2 | 287.9 | 278.6 | 274.8 | -1,016 | 9,423 |
| September | | -- | -- | 282.9 | 279.3 | -541 | 11,165 |
| October | | 295.6 | 297.0 | 284.9 | 281.3 | 667 | 11,168 |
| November | 4,078 | -- | -- | 285.3 | 281.6 | -385 | 10,850 |
| December | | 292.7 | 294.0 | 285.9 | 282.1 | -110 | 10,717 |
| 1982 | | | | | | | |
| January | | -- | -- | 289.6 | 285.6 | 366 | 10,728 |
| February | 7,080 | 294.9 | 295.8 | 289.2 | 285.4 | 333 | 10,201 |
| March | | -- | -- | 290.2 | 286.4 | -181 | 9,939 |
| April | | 297.8 | 298.8 | 290.3 | 286.6 | -1,085 | 10,218 |
| May | 6,020 | -- | -- | 290.6 | 287.1 | -47 | 10,063 |
| June | | 303.4 | 304.6 | 293.9 | 290.1 | -1,140 | 9,950 |
| July | | -- | -- | 293.0 | 289.3 | -143 | 10,093 |
| August | 5,683 | 302.8 | 304.3 | 292.8 | 289.1 | -412 | 9,712 |
| September | | -- | -- | 291.7 | 288.2 | 78 | 9,365 |
| October | | 301.3 | 302.4 | 292.8 | 289.5 | -615 | 9,362 |
| November | 6,326 | -- | -- | 291.6 | 288.5 | 779 | 9,338 |
| December | | 293.6 | 293.9 | 288.0 | 285.3 | 3,492 | 9,486 |
| 1983 | | | | | | | |
| January | | -- | -- | 288.0 | 285.6 | 5,802 | 9,660 |
| February | 6,173 | 293.9 | 297.3 | 290.1 | 286.8 | 2,757 | 9,964 |
| March | | -- | -- | 289.6 | 287.1 | 1,992 | 10,112 |
| April | | 294.7 | 299.3 | 290.2 | 289.5 | 2,301 | 9,663 |
| May | 6,740 | -- | -- | 292.1 | 292.0 | 2,381 | 9,883 |
| June | | 298.6 | 303.0 | 292.1 | 293.6 | 1,043 | 9,835 |
| July | | -- | -- | 293.2 | 294.5 | 2,066 | 9,820 |
| August | 7,157 | 301.6 | 306.0 | 293.7 | 295.2 | 3,207 | 9,699 |
| September | | -- | -- | 296.7 | 296.4 | 3,476 | 10,079 |
| October | | 301.4 | 305.7 | 299.0 | 297.0 | 1,679 | 8,956 |
| November | 6,462 | -- | -- | 297.8 | 296.5 | 273 | 9,107 |
| December | | 306.1 | 307.3 | 299.9 | 297.7 | 2,224 | 9,241 |
| 1984 | | | | | | | |
| January | | -- | -- | 297.9 | 299.1 | 3,518 | 9,275 |
| February | 8,930 | 308.7 | 311.7 | 299.0 | 300.2 | 1,752 | 8,909 |
| March | | -- | -- | 297.9 | 300.7 | 3,171 | 8,770 |
| April | | 311.1 | 316.4 | 298.9 | 302.8 | 3,241 | 9,579 |
| May | | -- | -- | 303.1 | 305.4 | 5,462 | 11,232 |
| June | | 315.1 | 318.7 | 303.4 | 305.6 | 3,322 | 10,569 |
| July | | -- | -- | 300.3 | 305.9 | 3,236 | 11,416 |
| August | | 322.7 | 323.4 | 305.1 | 308.6 | -971 [r] | 10,464 |
| September | | -- | -- | 304.2 | 310.2 | -168 | 10,839 |
| October | | 319.3 | 327.5 | 302.6 | 311.9 | | |

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[a] Annual basis.
[b] Quarterly data.
[c] Not adjusted for seasonal variation.
[r] Revised.

## CHRONOLOGY

The following summary lists economic, political, and natural developments which have influenced California economic indicators, and may account for unusual movements in the series. Appraisal of the charts will be facilitated in many cases by taking into consideration those factors which may be contributing to temporary directional changes in business activity which are not indicative of significant changes in the economic situation of the State. In addition, major national events of general interest have also been included.

### 1969

| | |
|---|---|
| January 1 | Social security contribution rate increased to combined 9.6 percent. |
| January 7 | Prime rate raised from 6-3/4 percent to 7 percent. |
| January 24 | FHA interest rate raised from 6-3/4 percent to 7-1/2 percent. |
| March 17 | Prime rate raised from 7 percent to 7-1/2 percent. |
| April 3 | Discount rate raised from 5-1/2 percent to 6 percent; reserve requirement raised. |
| June 9 | Prime rate raised from 7-1/2 percent to 8-1/2 percent. |
| June 12 | Required liquidity reserves of savings and loan associations lowered from 6-1/2 percent to 6 percent. |
| October 27-February 1970 | General Electric strike. |

### 1970

| | |
|---|---|
| January 1 | Personal income tax surcharge reduced to 5 percent. Withholding cut. |
| January 5 | FHA interest rate raised from 7-1/2 percent to 8-1/2 percent. |
| January 21 | Increased schedule of interest rates on time deposits and certificates of deposit in effect. |
| March 25 | Prime rate reduced from 8-1/2 percent to 8 percent. |
| April 2-June 2 | Teamster strike. |
| May 6 | Stock margin requirement cut from 80 percent to 65 percent. |
| July 1 | Personal income tax surcharge removed. |
| September 14-November 23 | UAW strike against GM. |
| September 22 | Prime rate reduced from 8 percent to 7-1/2 percent. |

### 1970--Continued

| | |
|---|---|
| November 10 | Discount rate reduced from 6 percent to 5-3/4 percent. |
| November 12 | Prime rate reduced from 7-1/2 percent to 7-1/4 percent. |
| November 23 | Prime rate reduced from 7-1/4 percent to 7 percent. |
| December 1 | Discount rate reduced from 5-3/4 percent to 5-1/2 percent. FHA interest rate reduced from 8-1/2 percent to 8 percent. |
| December 20 | 13-week extended duration unemployment benefits in effect. |
| December 22 | Prime rate reduced from 7 percent to 6-3/4 percent. |

### 1971

| | |
|---|---|
| January 6 | Prime rate reduced from 6-3/4 percent to 6-1/2 percent. |
| January 8 | Discount rate reduced from 5-1/2 percent to 5-1/4 percent. |
| January 12 | FHA interest rate reduced from 8 percent to 7-1/2 percent. |
| January 15 | Prime rate reduced from 6-1/2 percent to 6-1/4 percent. |
| January 18 | Prime rate reduced from 6-1/4 percent to 6 percent. |
| January 19 | Discount rate reduced from 5-1/4 percent to 5 percent. |
| February 4 | Rolls Royce bankruptcy announced. |
| February 9 | Los Angeles earthquake. |
| February 12 | Discount rate reduced from 5 percent to 4-3/4 percent. |
| February 16 | Prime rate reduced from 6 percent to 5-3/4 percent. |
| February 23 | Davis Bacon Act regulating construction wages on Federal projects suspended. Suspension revoked on March 29. Wage-price curbs ordered. |

### 1971--Continued

| | |
|---|---|
| March 16 | Prime rate reduced from 5-3/4 percent to 5-1/2 percent. |
| March 17 | Social security bill signed. Benefits raised 10 percent, retroactive to Jaunary 1, 1971. Contribution base raised to $9,000 effective January 1, 1972. |
| March 25 | SST program terminated. |
| April 1 | Interest rates on savings accounts in California banks generally reduced from 4-1/2 percent to 4 percent. |
| April 23 | Prime rate raised from 5-1/4 percent to 5-1/2 percent. |
| May 1 | Liquidity ratio for savings and loan associations raised from 6-1/2 percent to 7-1/2 percent. |
| May 17-18 | Rail strike. |
| June 1-July 27 | Communications workers strike against Western Union. |
| June 15-21 | Prime rate increased from 5-1/2 percent to 5-3/4 percent. General rise to 6 percent on July 7. |
| June 29-July 16 | Northern California construction strike. |
| July 1-October 6 | West Coast dock strike. |
| July 14-August 2 | Telephone strike. |
| July 15 | Discount rate raised from 4-3/4 percent to 5 percent. |
| July 16-August 2 | Rail strike. |
| July 31 | Steel strike averted by accord on contract. |
| August 2 | Lockheed loan guarantee approval. |
| August 3 | Teamsters walkout in Northern California against building contractors. |
| August 15-November 13 | President's economic policy message; 90-day wage-price freeze in effect. |
| October 1 | East and Gulf Coast longshoremen's strike. |
| October 20 | Prime rate reduced from 6 percent to 5-3/4 percent. Further reduction to 5-1/2 percent on November 4. |

### 1971--Continued

| | |
|---|---|
| November 11 | Discount rate reduced from 5 percent to 4-3/4 percent. |
| November 14 | Phase II of NEP in effect. |
| December 6 | Stock margin requirements cut from 65 percent to 55 percent. |
| December 10 | Revenue Act of 1971 signed into law. |
| December 13 | Discount rate reduced from 4-3/4 percent to 4-1/2 percent. Prime rate lowered from 5-1/2 percent to 5-1/4 percent.*<br>Intent to devalue U.S. dollar announced. |

### 1972

| | |
|---|---|
| January 17-February 20 | West Coast dock strike continued. |
| February 1-March 15 | Kaiser Steel Company strike. |
| July 1 | 20 percent increase in social security benefits signed into law. Effective September. |
| September 11 | Opening of BART Fremont-Oakland line. |
| September 21 | "Friends of Mammoth" decision. |
| November 24 | Stock margin requirements raised to 65 percent. |

### 1973

| | |
|---|---|
| January 11 | Phase III of NEP in effect. |
| January 15 | Discount rate raised from 4-1/2 percent to 5 percent. |
| January 27 | Viet Nam cease fire signed. |
| January 29 | Opening of BART Richmond-Oakland line. |
| February 12 | 10 percent devaluation of U.S. dollar announced. |
| March 2 | Major foreign currency exchanges closed. |
| March 29 | Price controls of meat announced. |

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* Adoption of a floating prime rate in November 1971 has resulted in frequent minor adjustments in the rate. Information on the range of rates at any one time and the rate charged by the majority of commercial banks may be obtained from the Federal Reserve Bulletin.

## 1973

| | |
|---|---|
| April 9-13 | Consumer meat boycott. |
| April 23 | Discount rate raised from 5-1/2 percent to 5-3/4 percent. |
| May 10 | Discount rate raised from 5-3/4 percent to 6 percent. |
| June 11 | Discount rate raised from 6 percent to 6-1/2 percent. |
| June 14 | 60-day price freeze announced. |
| July 2 | Discount rate raised from 6-1/2 percent to 7 percent. Increased reserve requirement on net demand deposits. |
| July 6 | Interest rates increased: FHA mortgage rate: 7 percent to 7-3/4 percent; bank savings rate: 4-1/2 percent to 5 percent; savings and loan rate: 5 percent to 5-1/4 percent. |
| July 18 | Phase IV announced. |
| August 27 | Prime rate at 9-3/4 percent in major institutions. |
| October 17 | Arab nations announce reductions in oil shipment. |
| November 5-December 18 | TWA strike. |

## 1974

| | |
|---|---|
| January 3 | Stock margin requirements cut from 65 percent to 50 percent. |
| February 1-11 | Independent truckers strike, midwest and east coast. |
| February 15 | Prime rate reduced to 9 percent. |
| February 22 | Prime rate reduced to 8-3/4 percent. |
| March 4 | California minimum wage increased to $2.00 per hour from $1.65. |
| March 18 | Arab oil embargo lifted. |
| March 27 | Prime rate increased to 9 percent from 8-3/4 percent. |
| March 28 | Prime rate further increased to 9-1/2 percent. |
| April 25 | Federal Reserve raised discount rate to 8 percent from 7-1/2 percent. |
| April 29 | Prime rate up to 10-3/4 percent. |

## 1974--Continued

| | |
|---|---|
| April 30 | Phase IV controls lifted in approximately 165 sectors of the economy. |
| June 17-August 4 | San Diego construction strike. |
| June 17-July 21 | Northern California construction strike. |
| July 1-Mid-August | Southern California construction strike. |
| July 1 | Transit strikes, San Francisco Bay Area. |
| August 2-October 21 | Los Angeles area transit strike. |
| August 8 | Resignation of President Nixon announced. |
| August 14 | FHA mortgage rate raised to 9-1/2 percent.<br>Prime rate reduced from 12 percent to 11-3/4 percent on limited basis. Prevailing rate on date of major changes:<br>October 21....11 1/2 percent<br>October 28....11 1/4 percent<br>November 4....11 percent<br>November 14...10 3/4 percent<br>November 25...10 1/2 percent |
| October 8 | Prime rate reduced from 12 percent to 11-3/4 percent by several more large banks. |
| November 12-December 9 | Coal strike. |
| December 9 | Discount rate reduced from 8 percent to 7-3/4 percent. |

## 1975

| | |
|---|---|
| January 6 | Federal Reserve discount rate cut from 7-3/4 percent to 7-1/4 percent. |
| January 10 | Oil Chemical Atomic Workers Union strike. |
| January 13 | Prime rate reduced to 10 percent. Further major cuts as follows:<br>Jannuary 21.....9 3/4 percent<br>January 31......9 percent<br>February 6......8 3/4 percent<br>February 19.....8 1/2 percent<br>March 3.........8 1/4 percent<br>March 8.........8 percent |
| January 21 | FHA mortgage rate reduced from 9 percent to 8-1/2 percent. |
| February 5 | Federal Reserve discount rate cut from 7-1/4 percent to 6-3/4 percent. |

### 1975--Continued

| | |
|---|---|
| March 10 | Federal Reserve discount rate cut from 6-3/4 percent to 6-1/4 percent. |
| March 24 | Prime rate reduced to 7-1/2 percent by most major banks. |
| March 25 | King Faisal assassinated. |
| March 29 | Tax reduction act signed into law. |
| May 19 | Prime rate reduced to 7-1/4 percent by several major banks. |
| June 10 | Prime rate reduced to 7 percent by most banks. |
| July 18 | Prime rate increased to 7-1/4 percent. Further gains as follows:<br>July 25.......7-1/2 percent<br>August 11.....7-3/4 percent<br>September 15....8 percent |
| September 1 | National Airlines strike. |
| October 16 | Reserve requirement on time deposits reduced from 3 percent to 1 percent. |
| October 24 | Prime rate reduced to 7-3/4 percent. Further reductions as follows:<br>October 31......7-1/2 percent<br>November 21.....7-1/4 percent |
| December 5-19 | United Airlines strike. |

### 1976

| | |
|---|---|
| January 12 | Prime rate lowered to 7 percent. |
| January 19 | Federal Reserve discount rate lowered from 6 percent to 5-1/2 percent. |
| January 21 | Prime rate reduced to 6-3/4 percent. |
| April 1-3 | Teamsters strike. |
| April 9-June 4 | Prime rate moving upward, 6-3/4 percent to 7-1/4 percent at most major banks. |
| April 21 | Rubber workers strike. |
| July 20-August 2 | Cannery workers strike. |
| August 2 | Prime rate reduced to 7 percent. Further reductions as follows:<br>October 4......6-3/4 percent<br>October 29.....6-1/2 percent<br>December 10....6-1/4 percent |

### 1976--Continued

| | |
|---|---|
| September 15-October 13 | Auto workers strike. |
| October 18 | California minimum wage raised to $2.50 per hour. |
| December 22 | Prime rate reduced to 6 percent by Chase Manhattan Bank. Most banks maintain a prime rate of 6-1/4 percent. |

### 1977

| | |
|---|---|
| May 16 | Prime rate raised to 6-1/2 percent. |
| May 31 | Prime rate raised to 6-3/4 percent. |
| August 22 | Prime rate raised to 7 percent. |
| August 30 | Federal Reserve discount rate raised from 5-1/4 percent to 5-3/4 percent, the first increase since April 1974. |
| September 16 | Prime rate raised to 7-1/4 percent. |
| October 1-November 24 | Longshoremen's strike against East and Gulf Coast ports. |
| October 7 | Prime rate raised to 7-1/2 percent. |
| October 10-January 4 | IAM-Lockheed strike. |
| October 24 | Prime rate raised from 7-1/2 percent to 7-3/4 percent. |
| October 26 | Discount rate raised from 5-3/4 percent to 6 percent. |
| December 6-March 24 | United Mine Workers strike. |

### 1978

| | |
|---|---|
| January 1 | U.S. minimum wage increased to $2.65 per hour. |
| January 9 | Discount rate raised from 6 percent to 6-1/2 percent. |
| January 10 | Prime rate raised to 8 percent. |
| February 28 | FHA mortgage rate raised from 8-1/2 percent to 8-3/4 percent. |
| April 1 | California minimum wage increased from $2.50 to $2.65 per hour. |
| April 1-May 28 | United Airlines strike. |
| May 4 | Prime rate raised from 8 percent to 8-1/4 percent. |

## 1978--Continued

| | |
|---|---|
| May 8 | California savings and loan assocations raised mortgage rates from 9-3/4 percent to 10 percent. |
| May 12 | Discount rate raised to 7 percent. |
| May 23 | Federal funds rate increased to 7-1/2 percent. |
| | FHA-VA mortgage rate raised from 8-3/4 percent to 9 percent. |
| May 26 | Prime rate raised from 8-1/4 percent to 8-1/2 percent. |
| June 6 | Proposition 13 approved by California voters. |
| June 16 | Prime rate raised to 8-3/4 percent. |
| June 20 | OPEC announced a freeze on crude oil prices until December 16. |
| June 22 | Federal funds rate raised from 7-1/2 percent to 7-3/4 percent. |
| June 29 | FHA-VA mortgage rate raised to 9-1/2 percent. |
| June 30 | Prime rate raised to 9 percent. |
| July 10 | Discount rate raised to 7-1/4 percent. |
| July 18 | Teamsters union strike affecting supermarkets throughout Northern California. |
| August 20 | Retail clerks union strike in Southern California. |
| August 21 | Discount rate raised to 7-3/4 percent. |
| August 29 | Federal funds rate raised from 8-1/8 percent to 8-1/4 percent. |
| August 31 | Prime rate raised by some eastern banks from 9 percent to 9-1/4 percent. |
| September 15 | Prime rate raised to 9-1/2 percent. |
| September 22 | Discount rate raised from 7-3/4 percent to 9-3/4 percent. |
| September 28 | Prime rate raised from 9-1/2 percent to 9-3/4 percent. |

## 1978--Continued

| | |
|---|---|
| October 12 | Prime rate raised from 9-3/4 percent to 10 percent. |
| October 15 | Tax cut and energy bills passed by Congress. |
| October 16 | Discount rate raised from 8 percent to 8-1/2 percent. |
| October 18 | Federal funds rate raised from 8-3/4 percent to 8-7/8 percent. |
| October 24 | Prime rate raised from 10 percent to 10-1/4 percent. |
| | California mortgage rates raised from 10 percent to 10-1/4 percent at several savings and loan institutions. |
| October 24 | Phase II announced: voluntary guidelines on wages and prices. |
| November 1 | Discount rate raised from 8-1/2 percent to 9-1/2 percent. |
| | Prime rate raised to 10-1/2 percent. |
| November 3 | Prime rate raised from 10-1/2 percent to 10-3/4 percent. |
| November 13 | Prime rate raised from 10-3/4 percent to 11 percent. |
| November 24 | Prime rate raised to 11-1/2 percent. |
| November 27 | Federal funds rate raised from 9-3/4 percent to 9-7/8 percent. |
| December 4 | Rollover for 6-month certificates of deposit (CDs) began this week. |
| December 19 | Federal funds rate raised to 10 percent. |
| December 20 | Prime rate raised to 11-3/4 percent. |

## 1979

| | |
|---|---|
| January 1 | U.S. minimum wage increased to $2.90 per hour. |
| January 13 | Prime rate reduced to 11-1/2 percent. |
| March 15 | Terms for MMCs changed. 1/4 point differential over 9 percent eliminated. |
| March 27 | OPEC price increases: 9 percent. Selected surcharges imposed. |

## 1979--Continued

| | |
|---|---|
| March 31 | United Airlines-machinist strike. |
| April 1-10 | Teamsters strike. |
| May 7 | Prime rate moved to 11-3/4 percent from 11-1/2 percent. |
| May 19 | Federal funds rate set at 7-1/4 percent. |
| May 26 | United Airlines strike ended. |
| May 30 | Interest rate on conventional mortgages raised to 11-3/4 percent. |
| June 12 | Prime rate reduced to 11-1/2 percent. |
| July 1 | Interest rates on passbook accounts up to 5.5 percent at Savings and Loans and 5.25 percent for banks. |
| July 20 | Discount rate raised from 9-1/2 percent to 10 percent. |
| August 16 | Discount rate raised to 10-1/2 percent. |
| August 24 | Federal funds rate raised from 11 percent to 11-1/4 percent. |
| August 26-September 10 | Los Angeles Rapid Transit District strike. |
| August 28 | Prime rate raised from 12 percent to 12-1/4 percent. |
| August 31-November 21 | BART strike. |
| September 4 | Federal funds rate raised from 11-1/percent |

## 1980

| | |
|---|---|
| February 25 | Prime rate raised to 16-1/2 percent. |
| February 27 | Ceilings on interest rates for government backed mortgages raised to 13 percent. |
| February 29 | Prime rate raised to 16-3/4 percent. |
| March 4 | Prime rate raised to 17-1/4 percent. |
| March 7 | Prime rate raised to 17-3/4 percent. |
| March 13 | Prime rate raised to 18-1/4 percent. |

## 1980--Continued

| | |
|---|---|
| March 14 | Announcement of tighter fiscal policies. |
| March 17 | Three percent discount rate surcharge imposed. |
| March 18 | Prime rate raised to 19 percent. |
| April 2 | Prime rate raised to 20 percent. |
| April 3 | FHA mortgages raised to 14 percent. |
| April 20 | Prime rate reduced to 19-1/2 percent. |
| April 28 | FHA mortgages reduced to 13 percent. |
| | Prime rate reduced to 18-1/2 percent. |
| May 5 | Prime rate reduced to 18 percent. |
| May 7 | Prime rate reduced to 17 percent. |
| May 8 | Discount rate surcharge reimposed. |
| May 12 | Prime rate reduced to 16-1/2 percent. |
| May 19 | Prime rate reduced to 16 percent. |
| May 28 | Discount rate lowered to 12 percent from 13 percent. |
| June 4 | Prime rate reduced to 13 percent. |
| June 12 | Discount rate lowered to 11 percent. Prime rate reduced to 12-1/2 percent. |
| June 20 | Prime rate reduced to 12 percent. |
| June 24 | Prime rate reduced to 11-1/2 percent. Some conventional mortgage rates fell to 12 percent. |
| June 25 | Carpenters strike in Northern California ended. |
| July 3 | ICC begins trucking industry deregulation. |
| July 21 | Motion picture and television industry strike. |
| July 22 | Prime rate reduced to 11 percent. |
| July 25 | Prime rate reduced to 10-3/4 percent. |

### 1980--Continued

| | |
|---|---|
| July 28 | Discount rate reduced to 10 percent. |
| August 5 | Prime rate raised to 11 percent. |
| August 27 | Prime rate raised to 11-1/2 percent. |
| September 5 | FHA mortgage interest rate raised from 11-1/2 to 12 percent. |
| September 12 | California morgage rate raised from 13-1/2 percent to 13-3/4 percent. |
| September 25 | Pacific Southwest Airlines (PSA) pilots strike begins. |
| September 26 | Discount rate raised from 10 to 11 percent. Prime rate raised from 12-1/2 percent to 12-3/4 percent. |
| October 2 | Prime raised from 13 to 13-1/2 percent. |
| October 3 | Prime raised to 14 percent. |
| October 15 | AFTA workers return to work. |
| October 23 | Screen Actors Guild strike ends. |
| October 30 | Prime raised from 14 to 14-1/2 percent. |
| November 7 | Prime raised from 14-1/2 to 15-1/2 percent. |
| November 14 | PSA pilots strike ends. |
| November 17 | Prime raised to 16 1/4 percent. Discount rate raised from 11 to 12 percent and surcharge imposed. |
| November 21 | Prime raised to 17 percent. |
| November 28 | Prime raised to 17-3/4 percent. |
| December 3 | Prime raised from 17-3/4 to 18-1/2 percent. |
| December 5 | Discount rate raised from 12 to 13 percent. Prime raised to 19 percent. |
| December 11 | Prime raised to 20 percent. |
| December 17 | Prime raised from 20 to 21 percent. |
| December 23 | Prime lowered from 21 to 20-1/2 percent. |

### 1981

| | |
|---|---|
| January 1 | Minimum wage raised from $3.10 to $3.35. |
| January 6 | Prime lowered to 20 percent. |
| January 20 | American hostages released from Iran. |
| January 20 | Ronald Reagan inaugurated as 40th President of the U.S. |
| January 28 | Deregulation of oil and gas industry announced, effective immediately. |
| January 29 | Prime rate lowered to 19-1/2 percent from 20 percent. |
| February 16 | General Motors and Ford rebate plans announced. |
| February 23 | Prime rate lowered to 18 percent. |
| March 2 | Prime rate lowered to 18-1/2 percent. |
| March 10 | Prime rate lowered to 18 percent. |
| March 16 | Prime rate lowered to 17-1/2 percent. |
| March 18 | Prime rate lowered to 17 percent. |
| March 26 | United mine workers strike. |
| April 13 | Prime rate raised to 17-1/2 percent. |
| April 29 | Prime rate raised to 18 percent. |
| May 4 | Prime rate raised to 19 percent. |
| May 5 | Discount rate raised from 13 percent to 14 percent. |
| May 8 | FHA-VA rate up to 15-1/2 percent from 14-1/2 percent. |
| May 11 | Prime rate raised to 19-1/2 percent. |
| May 22 | Prime rate raised to 20 percent. |
| May 27 | OPEC fails to agree on a uniform price schedule. OPEC officials freeze prices at current level. |
| June 5 | Dollar reaches highest level in international trading since December 1971. |

## CHRONOLOGY--Continued

### 1981--(Continued)

| | |
|---|---|
| June 8 | Coal miners end 72 day strike and ratify a 40-month contract. |
| July 8 | Prime rate raised to 20-1/2 percent. |
| August 3 | Air traffic controller's strike. |
| August 14 | President Reagan signs both the tax- and budget-cut bills into law. |
| August 18 | FHA-VA rate up to 16-1/2 percent from 15-1/2 percent. |
| September 1 | Prime rate lowered to 20 percent. |
| September 21 | Prime rate lowered to 19-1/2 percent. |
| September 22 | Fed surcharge cut to 3 percent from 4 percent. |
| October 6 | Prime rate lowered to 19 percent. |
| | Egyptian President Sadat assassinated. |
| October 13 | Prime rate lowered to 18 percent. |
| October 30 | OPEC price set at $34.00/barrel--the Saudi benchmark. |
| November 1 | Passbook interest rate raised 1/2 percent to 5-3/4 percent. |
| November 2 | Fed discount rate cut from 14 percent to 13 percent. |
| | Prime rate lowered to 17-1/2 percent. |
| November 10 | Prime rate lowered to 17 percent. |
| November 13 | Prime rate lowered to 16-1/2 percent. |
| | FHA mortgage rate lowered to 15-1/2 percent. |
| November 16 | Prime rate lowered to 16 percent. |
| November 17 | Fed eliminates 2 percent surcharge. Discount rate unaffected. |
| December 1 | Prime rate lowered to 15-1/2 percent. |
| December 4 | Fed discount rate lowered from 13 percent to 12 percent. |

### 1981--(Continued)

| | |
|---|---|
| December 12 | Martial law imposed in Poland. |

### 1982

| | |
|---|---|
| January 22 | Federal funds rate raised to 13-1/2 percent. |
| January 25 | FHA mortgage rate increased from 15-1/2 percent to 16-1/2 percent. |
| January 27 | Federal funds rate raised to 13-3/4 percent. |
| February 2 | Prime rate raised to 16-1/2 percent by Citibank and Crocker. |
| February 18 | Prime rate increased to 17 percent. |
| February 24 | Prime rate cut back to 16-1/2 percent. |
| March 1 | Ford-UAW Pact ratified. Workers give up two weeks of paid time off and annual 3 percent raises. |
| March 8 | Prime rate lowered to 16 percent. |
| March 16 | Prime rate back up to 16-1/2 percent. |
| April 1 | OPEC cuts production to 17.5 million barrels from current 18.2. Saudi bench mark set at $34/barrels. |
| April 5 | Unemployment rate nationally hits 9.0 percent tying the post-WW II high in May 1975. |
| April 12 | General Motor and United Auto Workers labor agreement approved. |
| April 26 | The U.S. consumer price index declined 0.3 percent--the first decline in 17 years and the largest drop in nearly a quarter of a century. |
| May 7 | U.S. unemployment rate reaches 9.4 percent for a post-WW II record. |
| May 13 | Braniff Air Lines ceases operation. |
| June 25 | Secretary of State Alexander Haig resigns. |
| June 28 | U.S. Supreme Court rules that federally chartered savings and loan associations cannot be prohibited from enforcing due-on-sale clauses in their mortgage contracts. |

## 1982--Continued

| | |
|---|---|
| July 20 | Discount rate lowered from 12 percent to 11-1/2 percent. Prime rate lowered from 16-1/2 percent to 16 percent. |
| July 27 | Prime rate lowered to 15-1/2 percent. |
| August 2 | Discount rate lowered to 11 percent. Prime rate lowered to 15 percent. |
| August 9 | Unemployment rate reached 9.8 percent in July--the highest level since a 9.9 percent rate in 1941. |
| August 16 | Discount rate cut from 11 percent to 10-1/2 percent. Most major banks lower their prime lending rates to 14-1/2 percent. |
| August 18 | Dow Jones Industrial Average rose 38.81 points--an all-time record. |
| August 19 | The stock market trading soared to a record 132,690,000 shares. |
| August 27 | Discount rate lowered to 10 percent. Prime rate lowered to 13.5 percent. |
| September 19 | National Football League players strike began. |
| | Railroad strike involving locomotive engineers began. |
| September 23 | Railroad strike ends. |
| September 24 | FHA mortgage loan rate lowered from 14 percent to 13.5 percent. |
| October 7 | Prime rate lowered to 13 percent. |
| October 12 | Discount rate lowered from 10 percent to 9-1/2 percent. |
| October 15 | Prime rate lowered to 12 percent. |
| November 1 | General Motors reduces auto financing interest rate from 18.0 percent to 10.9 percent. |
| November 22 | Discount rate cut from 9-1/2 percent to 9 percent. |
| November 23 | Prime rate lowered from 12 percent to 11-1/2 percent. |

## 1982 (Continued)

| | |
|---|---|
| December 13 | Discount rate cut to 8-1/2 percent. |
| December 14 | Introduction of money market deposit accounts by banks and S&Ls. |

## 1983

| | |
|---|---|
| January 5 | Super NOW accounts introducted. |
| January 11 | Prime rate lowered to 11 percent. |
| January 31 | Independent truckers strike begins. |
| February 10 | Independent truckers strike end. |
| February 15 | Toyota/GM agreement to build a small car in late 1984. |
| February 25 | Prime rate lowered to 10-1/2 percent. |
| March 14 | OPEC sets $29 per barrel benchmark price and production quota of 17.5 million barrels. |
| May 2 | A 6.5 magnitude earthquake strikes the town of Coalinga. |
| June 8 | The maximum rate on government-backed mortgages was raised from 11-1/2 percent to 12 percent. |
| June 18 | Paul Volcker reappointed as Federal Reserve Board Chairman. |
| June 24 | The Federal Budget deficit totalled a record $29.29 billion in May. |
| July 7 | The maximum rate on government-backed mortgages was raised from 12 percent to 12-1/2 percent. |
| July 13 | Chrysler Corporation announced it will repay the remaining $800 million in federally guaranteed loans by September, seven years before they are due. |
| July 25 | The Washington Public Power Supply System defaulted on $2.25 billion in bonds, creating the largest municipal default in U.S. history. |

### 1983 (Continued)

| | |
|---|---|
| August 1 | California's $1.2 billion offering of revenue-anticipation notes, the State's largest note issue, drew strong investor interest. Notes totalling $700 million, maturing next April and June, were oversubscribed. |
| August 2 | The maximum rate on government backed mortgages rose from 12-1/2 percent to 13-1/2 percent. |
| August 7 | The Communications Workers of America and two other unions strike AT&T. |
| August 8 | Prime rate raised from 10-1/2 percent to 11 percent by most major banks. |
| August 23 | The maximum rate on government backed mortgages fell from 13-1/2 percent to 13 percent. |
| August 28 | AT&T strike ends. |
| September 1 | Soviet Union shoots down Korean Airlines Flight 007, New York to Seoul, near the Soviet Island of Salhalin, just north of Japan. |
| November 1 | Maximum rate on VA & FHA mortgages lowered from 13 percent to 12.5 percent. |
| November 3 | Strike against Greyhound Lines Inc. begins. |
| December 1 | FHA mortgage interest rates begin to float. VA rates are still pegged. |
| December 21 | Greyhound strike ends. |

### 1984

| | |
|---|---|
| January 3 | Breakup of AT&T becomes effective. |
| February 2 | Contemporaneous reserve accounting is required by Fed for all but the very small deposit-taking institutions. |
| March 19 | Prime rate raised from 11 percent to 11-1/2 percent. |
| March 20 | Maximum rate on VA loans raised from 12-1/2 to 13 percent. |

### 1984 (Continued)

| | |
|---|---|
| April 4 | Prime rate raised from 11-1/2 percent to 12 percent. |
| April 9 | Discount rate raised from 8-1/2 percent to 9 percent; the first change in 3 years. |
| May 5 | Prime rate raised from 12 percent to 12-1/2 percent. |
| June 26 | Prime rate raised from 12-1/2 percent to 13 percent. |
| September 15 - October 14 | UAW-General Motors strike. |
| September 28 | Prime rate reduced from 13 percent to 12-3/4 percent. |
| October 16 | Prime rate reduced from 12-3/4 percent to 12-1/2 percent. |
| October 28 | Prime rate reduced from 12-1/2 percent to 12 percent. |
| November 7 | Prime rate reduced from 12 percent to 11-3/4 percent. |
| November 21 | Discount rate reduced from 9 percent to 8-1/2 percent. |

# SOURCES OF STATISTICAL SERIES

| | |
|---|---|
| Employment Development Department Employment Data and Research | Civilian Employment |
| | Unemployment |
| | Unemployment rate |
| | Nonagricultural employment |
| | Manufacturing employment |
| | Hours and earnings |
| | Nonagricultural placements |
| | Initial claims for unemployment insurance |
| | Insured unemployment |
| | Index for production worker hours |
| Department of Industrial Relations Division of Labor Statistics and Research | California consumer price index |
| Department of Finance | Personal income |
| | Wages and salaries |
| | Index of leading indicators |
| Department of Motor Vehicles | New auto registrations |
| State Board of Equalization | Taxable sales |
| Security Pacific National Bank | Housing units authorized |
| | Valuation of nonresidential construction |
| U.S. Department of Commerce | Retail sales |
| U.S. Bureau of Labor Statistics | Consumer price indices |
| U.S. Department of Defense | Prime defense contracts |
| U.S. Department of Energy | Electricity production |
| California Redwood Association | Lumber production |
| Conservation Committee of California Oil Producers | Petroleum production |
| American Iron and Steel Institute | Steel production |
| U.S. Bureau of Mines | Cement production |
| California Secretary of State | New business incorporations |
| Federal Reserve Bank of San Francisco | Demand deposits |
| | Commercial and industrial loans |

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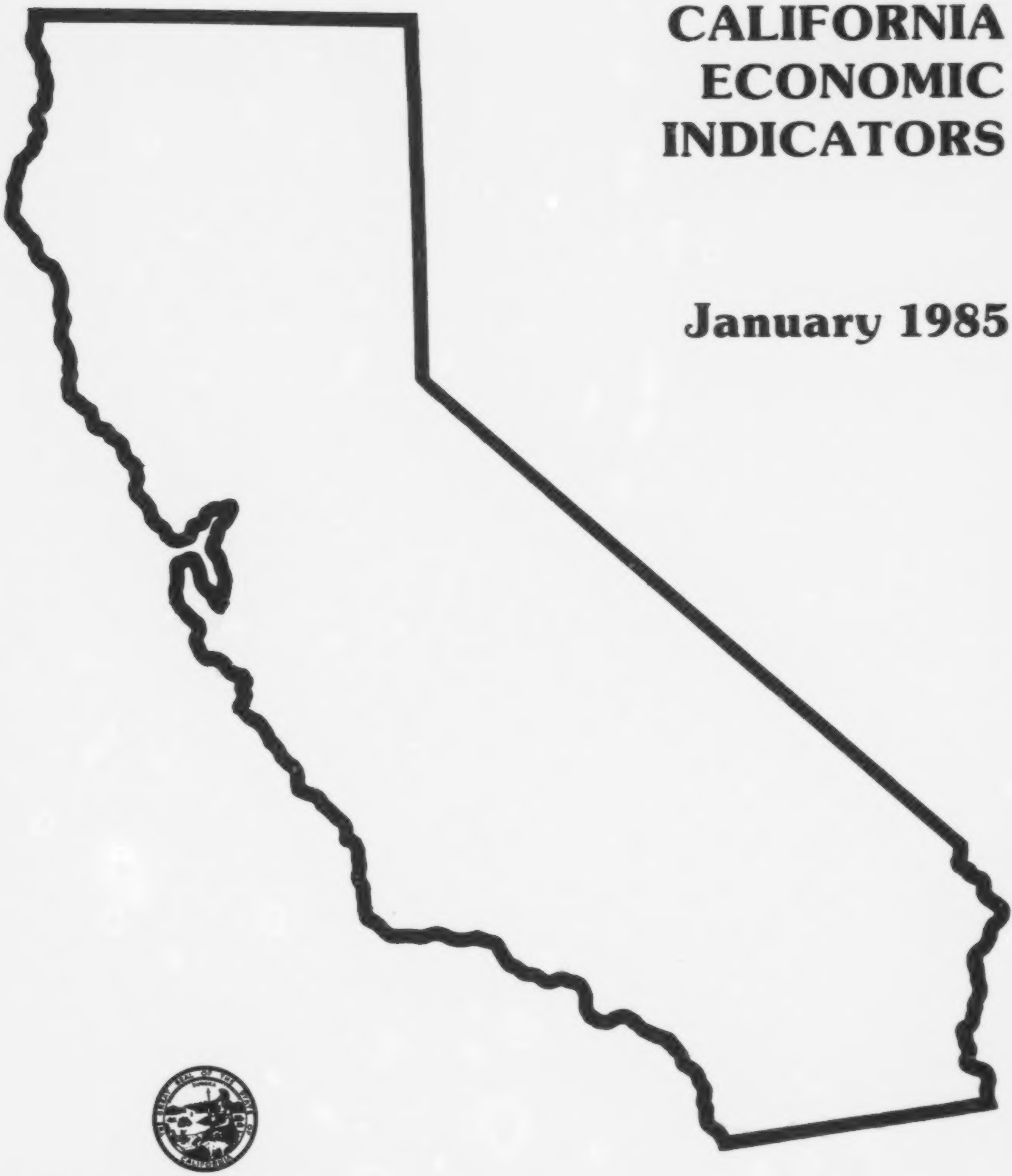
# CALIFORNIA ECONOMIC INDICATORS

## January 1985



DEPARTMENT OF FINANCE

# INTRODUCTION

California Economic Indicators is a bimonthly summary of economic trends and data relating to the State of California. Generally patterned after the U.S. Census Bureau publication Business Conditions Digest, the report contains the following regular features:

- review of economic developments
- current California economic data table
- economic indicator charts
- basic data for California economic series
- chronology of major economic events

Developments in California over the most recent months are reviewed in a brief text, and then summarized in a current data table which shows changes over the previous year. Charts containing monthly and quarterly series from 1974 are included to facilitate the review of current developments, and to appraise the significance of the developments on the State economy. Much of the data in the report has been seasonally adjusted by the source agency or the Department of Finance.

Sources are cited on the inside back cover to assist readers in obtaining any additional information on the statistical series published. Finally, reference dates for U.S. business cycles, as determined by the National Bureau of Economic Research, are shown on the back of the publication.

The Department of Finance welcomes suggestions on additions or changes which would make the Indicators a more useful publication. Correspondence should be addressed to State of California, Department of Finance, Financial Research Unit, 1025 P Street, Sacramento, CA 95814.

Subscriptions are $5.00 per year, and begin with the January issue. The subscription price will be prorated throughout the year based upon the beginning subscription date, as shown below:

| Beginning Subscription Date | Prorated Amount due |
|---|---|
| January | $5.00 |
| March | 4.15 |
| May | 3.35 |
| July | 2.50 |
| September | 1.65 |
| November | 0.85 |

Mail subscription requests to the California Department of Finance, P.O. Box 151, Sacramento, CA 95801. Make checks payable to the California Department of Finance.

# REVIEW OF ECONOMIC DEVELOPMENTS

Despite a somewhat soft second half, 1984 has been a very strong year for both the Nation and California. California's annual nonagricultural employment is estimated to have increased by almost 6 percent or over 593,000 jobs with total personal income up by 12 percent. Housing authorizations are estimated at 218,000 units for the year. Retail sales should total near $150 billion with auto sales exceeding one million units for the second year in a row.

The year did not progress at an even pace, however. The second half was much weaker than the first. Employment between June and December rose at only half the rate of the prior six months. Housing activity eased moderately.

The California Index of Leading Economic Indicators has fluctuated within the same narrow range that it has occupied since the first of the year. In October the index retreated to 137.2, its lowest level since November 1983. Preliminary data for November suggest that the index rose to 138.7.

Interest rates have continued to ease, with the prime rate at 10-1/2 percent, the discount rate at 8 percent and conventional mortgage rates once again below 14 percent. The weak crude materials prices that have been observed of late, coupled with moderating consumer prices and an overall slowing of the economy, bode well for continued low inflation. As a result, current "real" interest rates are still at relatively high levels by historical standards.

Housing in California continues to mark time, hovering recently at an annual rate of approximately 200,000 units. The unusually low housing figure in September appears to have been attributable at least in part to an aberration in the data. However, the construction sector overall is moving along at a healthy pace buoyed by nonresidential building.

The job situation in California remains good with both total civilian and nonagricultural employment continuing to rise. In December, California's unemployment rate fell to 7 percent, its lowest level since August 1981. The corresponding national figure was 7.2 percent. All major sectors of California's nonagricultural wage and salary employment continue to show good gains, with construction, services, trade and manufacturing registering the greatest percentage increases.

## THE ECONOMIC OUTLOOK FOR 1985 AND 1986

With real output beginning to show signs of renewed strength nationally and interest rates moderating, it is expected that some of 1984's economic momentum will carry over into 1985. Real growth for this year is expected to be 3 percent, with a 3.3 percent gain forecast for 1986. The forecasts in this special section were prepared in November for the 1985-86 Governor's Budget.

### The National Outlook

The economic upturn in 1984 was stronger than almost anyone expected. The forecast prepared a year ago for the Governor's Budget, although higher than the consensus when it was prepared, still proved low. The outlook this year is less positive and far more uncertain. Indicators of the last several months have given, if anything, mixed signals on the economy. Generally these have been attributed to unusual factors tending to distort the data, with the conclusion that early 1985 should see a renewed growth phase.

Weakness in retail sales, housing activity, employment and income gains in the second half of 1984 are assumed to have been only a temporary pause in a long-term expansion. If this is the case, the recent decline in interest rates would lead to a resumption of more normal growth during the coming year. However, from this point on, gains will be more moderate than before given the maturing of the recovery. Car sales and housing starts, for instance, are expected to be down slightly from 1984 levels. Income gains will be slower, reflecting the slower rate of employment growth and the fact that inflation remains under control. The latter factor will preclude an acceleration in average wage gains.

Business investment may hold the key to 1985. Recent quarters have seen a major expansion in plant and equipment spending. Overall, investment in plant, equipment, and business inventories represents less than 15 percent of real GNP, yet it accounted for more than half the real growth achieved in 1984. The inventory factor alone was responsible for nearly 30 percent of last year's gain. Any sustained slowdown in these components could result in a prolonged period of weakness.

Under the assumption that the slowdown of the past half year was of a temporary nature, the economic forecast prepared in November calls for average growth in 1985 and 1986. This forecast includes the following:

- o Real GNP up 3 percent in 1985, and 3.3 percent in 1986; led by renewed strength in the consumer sector.
- o An accommodative monetary policy, which will lead to only a modest rise in interest rates in mid-1985.
- o Car sales of 10.2 million units for both 1985 and 1986.

- Housing starts at 1.7 million units in 1985; rising to 1.8 million in 1986.
- Corporate profits up by 2 percent in 1985, and 15 percent in 1986.
- Employment higher by 2.6 percent, with the jobless rate falling to an average 7.2 percent of the labor force for the current year.

## The California Outlook

As noted earlier, California experienced an even better recovery during the past year than the Nation. The coming year is likely to see a settling back of growth to more normal, sustainable levels. Even so, the State will continue to outperform the Nation.

- Manufacturing will see continued support from the aerospace/ electronics industry which is benefiting from both increased defense spending and the expansion in consumer and commercial electronics.
- Further strong gains are anticipated in construction. The sharp rise in nonresidental contracts awarded in 1984 will continue to be felt this year. In addition, only a modest slowdown in housing authorizations is forecast.
- The services sector, long a source of strong growth during an expansion and a source of stability during a recession, will move ahead due in large part to the growing role of business and health services. The business services component includes the fast-growing computer field.
- Retail trade is dependent on consumer confidence and income. Given the national forecast, trade should see another year of good growth.

Overall, personal income is expected to be up 8.6 percent in 1985. This reflects an employment gain of 3.7 percent and a moderate inflation rate of 4.9 percent.

### SELECTED ECONOMIC DATA, 1985 AND 1986
(Dollar amounts in billions)

| | 1985 | | 1986 | |
|---|---|---|---|---|
| | Amount | Percent Change | Amount | Percent Change |
| UNITED STATES | | | | |
| Real gross national product (1972 $) | $1,690.1 | 3.0 | $1,745.7 | 3.3 |
| Personal consumption expenditures | 1,105.2 | 3.9 | 1,142.2 | 3.3 |
| Gross private domestic investment | 295.4 | 1.6 | 303.5 | 2.7 |
| Net exports | -25.0 | -- | -25.2 | -- |
| Government purchases of goods and services | 314.5 | 3.9 | 325.2 | 3.4 |
| GNP deflator (1972 = 100) | 232.4 | 4.0 | 242.5 | 4.3 |
| GNP (current $) | $3,928.5 | 7.1 | $4,233.4 | 7.8 |
| Personal income | $3,243.2 | 7.5 | $3,483.9 | 7.4 |
| Corporate profits before taxes | $239.5 | 2.0 | $275.7 | 15.1 |
| Wage and salary employment (thous.) | 96,600 | 2.6 | 98,512 | 2.0 |
| Unemployment rate (%) | 7.2 | -- | 6.6 | -- |
| Housing starts (thous.) | 1,695 | -6.3 | 1,800 | 6.2 |
| New car sales (mill.) | 10.2 | -2.4 | 10.2 | .7 |
| Consumer price index (1967 = 100) | 325.1 | 4.4 | 341.0 | 4.9 |
| CALIFORNIA | | | | |
| Civilian labor force (thous.) | 12,907 | 2.6 | 13,119 | 1.6 |
| Civilian employment | 12,013 | 3.5 | 12,280 | 2.2 |
| Unemployment | 894 | -8.6 | 840 | -6.1 |
| Unemployment rate (%) | 6.9 | -- | 6.4 | -- |
| Wage and salary employment (thous.) | 11,016 | 3.7 | 11,330 | 2.9 |
| Personal income | $406.1 | 8.6 | $438.0 | 7.9 |
| Housing units authorized (thous.) | 185 | -15.1 | 195 | 5.4 |
| Corporate profits before taxes | $34.8 | 9.9 | $40.8 | 17.2 |
| New auto registrations (thous.) | 1,155 | -2.1 | 1,165 | .9 |
| Total taxable sales | $211.3 | 8.4 | $227.9 | 7.9 |

NOTE: Percentage changes calculated from unrounded data.

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## CURRENT CALIFORNIA ECONOMIC DATA

| | 1984 | | | | 1983 | | Percent Change |
|---|---|---|---|---|---|---|---|
| | December | November | October | September | December | November | Dec. 1983-Dec. 1984 |
| Employment[a] | | | | | | | |
| Civilian employment (000) - - - - - - - - - | 11,843 | 11,781 | 11,775 | 11,641 | 11,388 | 11,367 | 4.0 |
| Unemployment (000) - - - - - - - - - - - - | 892 | 927 | 949 | 1,049 | 1,001 | 1,041 | -10.9 |
| Unemployment rate - - - - - - - - - - - - - | 7.0 | 7.3 | 7.5 | 8.3 | 8.1 | 8.4 | -- |
| Nonagricultural wage and salary employment[b] (000)- - - - - - - - - - | 10,769.8 | 10,743.5 | 10,701.1 | 10,690.4 | 10,279.7 | 10,238.7 | 4.8 |
| Mining - - - - - - - - - - - - - - - - - | 49.9 | 50.1 | 49.9 | 49.6 | 49.3 | 49.1 | 1.2 |
| Construction - - - - - - - - - - - - - - | 448.8 | 452.6 | 449.7 | 449.1 | 410.6 | 409.6 | 9.3 |
| Manufacturing - - - - - - - - - - - - - | 2,094.7 | 2,084.7 | 2,061.3 | 2,057.5 | 1,994.5 | 1,981.4 | 5.0 |
| Aerospace[c] - - - - - - - - - - - | 720.2 | 714.6 | 710.1 | 707.8 | 671.8 | 667.9 | 7.8 |
| Transportation and public utilities - | 569.1 | 566.0 | 565.5 | 561.2 | 554.5 | 550.0 | 2.6 |
| Trade - - - - - - - - - - - - - - - - - | 2,565.4 | 2,557.0 | 2,545.6 | 2,543.6 | 2,419.1 | 2,410.8 | 6.0 |
| Finance, insurance, and real estate - | 707.7 | 705.2 | 704.2 | 704.3 | 687.3 | 685.4 | 3.0 |
| Services - - - - - - - - - - - - - - - | 2,587.9 | 2,580.1 | 2,573.2 | 2,559.8 | 2,439.3 | 2,424.3 | 6.1 |
| Government - - - - - - - - - - - - - - | 1,746.3 | 1,747.8 | 1,751.7 | 1,765.3 | 1,725.1 | 1,728.1 | 1.2 |
| Federal - - - - - - - - - - - - - - | 339.0 | 337.6 | 336.0 | 334.1 | 329.5 | 330.0 | 2.9 |
| State and local - - - - - - - - - - | 1,407.3 | 1,410.2 | 1,415.7 | 1,431.2 | 1,395.6 | 1,398.1 | .8 |
| Hours and Earnings, Manufacturing | | | | | | | |
| Average weekly hours - - - - - - - - - - - | 41.1 | 40.4 | 40.0 | 40.2 | 41.1 | 40.6 | 0.0 |
| Average weekly earnings - - - - - - - - - - | $410.18 | $399.96 | $392.00 | $397.77 | $395.79 | $389.35 | 3.6 |
| Average hourly earnings - - - - - - - - - - | $9.98 | $9.90 | $9.80 | $9.87 | $9.63 | $9.59 | 3.6 |
| Index of Leading Indicators - - - - - - - | n.a. | 138.7[p] | 137.2 | 138.5 | 137.3 | 135.7 | -- |
| Trade | | | | | | | |
| Retail sales (millions) - - - - - - - - - - | n.a. | n.a. | $12,906 | $12,792 | $12,637 | $12,416 | -- |
| New auto registrations (number) - - - - - | 95,315[p] | 98,353[p] | 99,547[p] | 98,671[r] | 96,497 | 100,156 | -1.2 |
| New Incorporations (number) - - - - - - - | 4,437 | 4,460 | 5,386 | 4,424 | 4,692 | 4,430 | -5.4 |
| Consumer Price Index, all items[d] | | | | | | | |
| California average (1967=100) - - - - - - | 320.1 | -- | 320.4 | -- | 304.6 | -- | 5.1 |
| San Francisco (1967=100) - - - - - - | 325.8 | -- | 327.5 | -- | 307.3 | -- | 6.0 |
| Los Angeles (1967=100) - - - - - - - | 311.1 | 311.8 | 311.9 | 310.2 | 297.7 | 296.5 | 4.5 |
| San Diego (1967=100) - - - - - - - - | -- | 363.7 | -- | 357.1 | -- | 342.3 | -- |
| Production | | | | | | | |
| Petroleum (000 barrels daily) - - - - - - | n.a. | n.a. | 1,147.7 | 1,137.3 | 1,106.9 | 1,110.1 | -- |
| Portland cement (000 short tons)- - - - - | n.a. | 675.7 | 825.8 | 733.8 | 609.5 | 639.0 | -- |
| Raw steel (000 net tons) - - - - - - - - - | 24.8[p] | 27.0 | 28.8 | 27.9 | 27.7 | 30.5 | -10.5 |
| Selected redwood mill production (mil. FBM) | 49.5 | 54.5 | 75.2 | 63.3 | 71.3 | 83.3 | -30.6 |
| Construction | | | | | | | |
| Private residential housing units authorized, SAAR (000)- - - - - - - - | n.a. | n.a. | 191.5 | 177.4 | 210.8 | 201.4 | -- |
| Nonresidential building authorized, valuation (millions)- - - - - - - - - | n.a. | n.a. | 1,219.2 | $974.0 | $798.4 | $754.2 | -- |

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[a] Adjusted for seasonal variation.

[b] Interim series of wage and salary workers. This unofficial series is adjusted for the latest tabulations of unemployment insurance coverage and approximates what the official data will be when estimates are updated at year end.

[c] The Interim Series does not give a breakdown for aerospace employment. These values are from the EDD official employment series, and are not seasonally adjusted.

[d] All urban series. New basis since January 1983.

[p] Preliminary estimate.

[r] Revised.

n.a. Not available

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# ECONOMIC INDICATOR CHARTS

Series classification as leading or coincident indicators generally follows that established by the National Bureau of Economic Research. The exceptions to this are production worker man-hours, insured unemployment, manufacturing employment, and taxable sales. These series are discussed in the technical note below.

Data are plotted either monthly or quarterly. The Arabic numeral in the right hand corner of each graph indicates the latest month or quarter for which the data are plotted (e.g.: 1 = January or first quarter). The basic data tables indicate the frequency of each of the series plotted.

## TECHNICAL NOTE

Whenever appropriate, data used in the charts have been seasonally adjusted. The series on average weekly hours of production workers in manufacturing and production worker man-hours are adjusted by the Bureau of Labor Statistics method. Other series have been adjusted by the Bureau of the Census (Shiskin) method. Persons interested in a detailed description of these methods are referred to the U.S. Department of Labor, Bureau of Labor Statistics, the BLS Seasonal Factor Method (1964); and the U.S. Department of Commerce, Bureau of the Census, Technical Paper No. 15, The X-11 Variant of the Census Method II, Seasonal Adjustment Program (November 1965.)

Under the Census Bureau seasonal method, the addition of new data points changes historical seasonal factors. To avoid monthly data changes in the California Economic Indicators it is necessary to "freeze" the seasonally adjusted data through the past year and manually compute current year values from the projected seasonal factors. Thus historical revisions will be incorporated annually.

### Production Worker Man-Hours

This series is a substitute for the man-hours in nonagricultural establishments series used in the Census Bureau's publication, Business Cycle Developments. It is the cross product of average weekly hours of production workers in manufacturing and manufacturing employment. Workweek data are a leading indicator. Manufacturing employment appears to be a coincident indicator, although at times it seems to lead economic downturns. Because of this, the man-hours series has been classified in the present publication as a leading indicator.

### Insured Unemployment

The series on total insured unemployment is being used rather than the insured unemployment rate included in the Census Bureau's indicator list. The insured rate is available only with a lag of nine months, which precludes its usefulness as a current indicator.

### Manufacturing Employment

This series is also an addition to the Census Bureau indicator list. It was used here because it appears to show cyclical fluctuations clearly and extends the limited number of series presently available for the State.

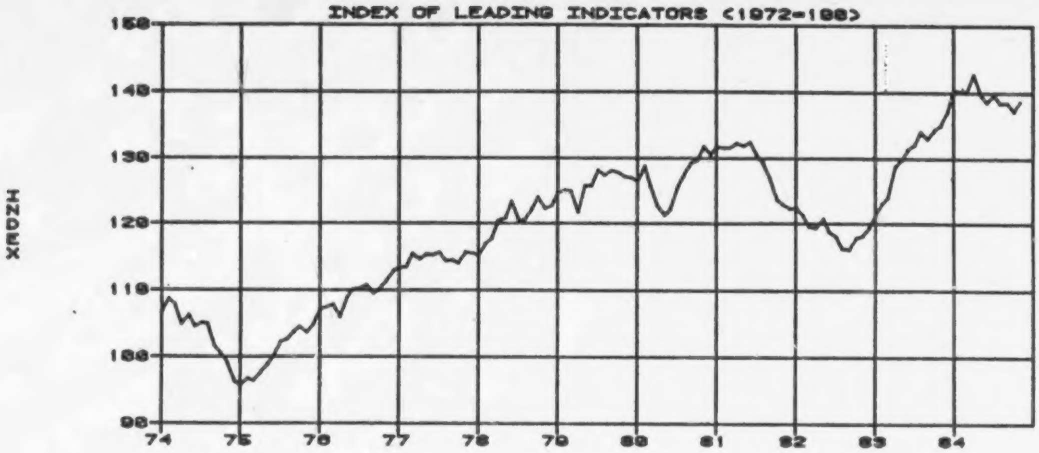
### Taxable Sales

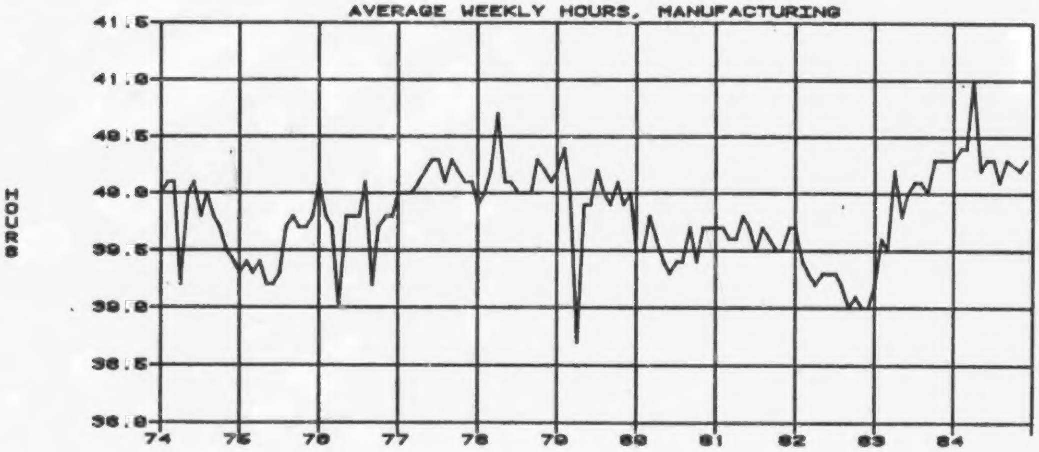
Taxable sales are used here as a proxy for retail trade. Data on the latter are not available for California prior to 1964. The taxable series includes sales by both retail and wholesale establishments, and is therefore a broad indicator of business activity. It has been classified as a coincident indicator on the basis of fluctuations in the series since 1950.

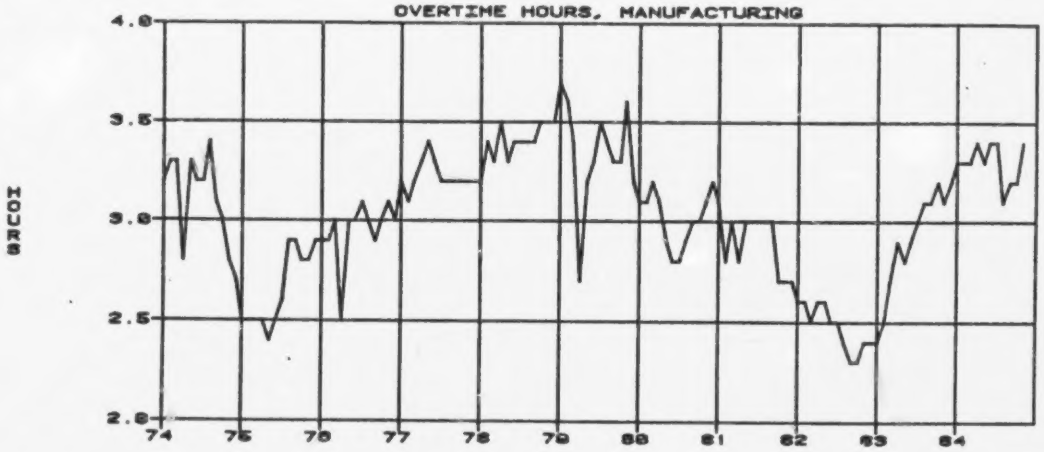
The other indicators shown are for general interest only. They are not directly related to the cyclical indicator series, but will be of interest to persons looking at overall economic developments.

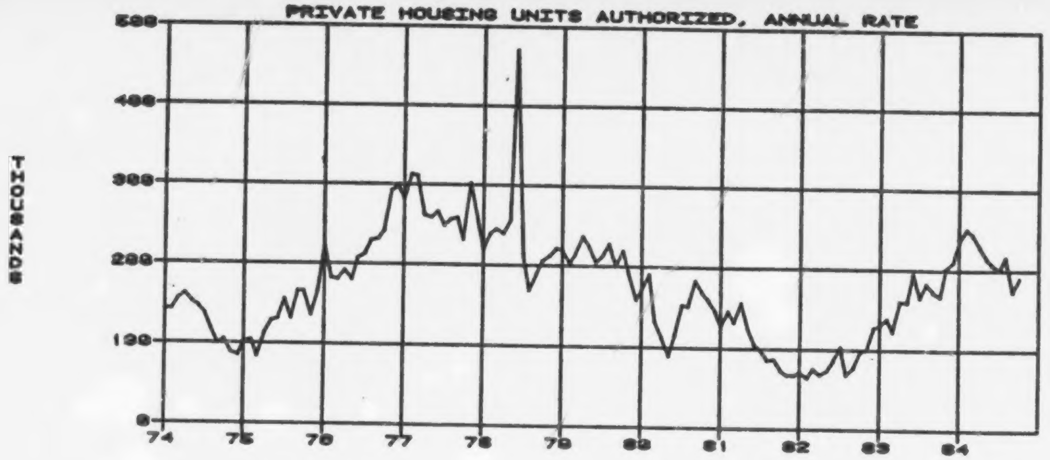
### Standard Abbreviations

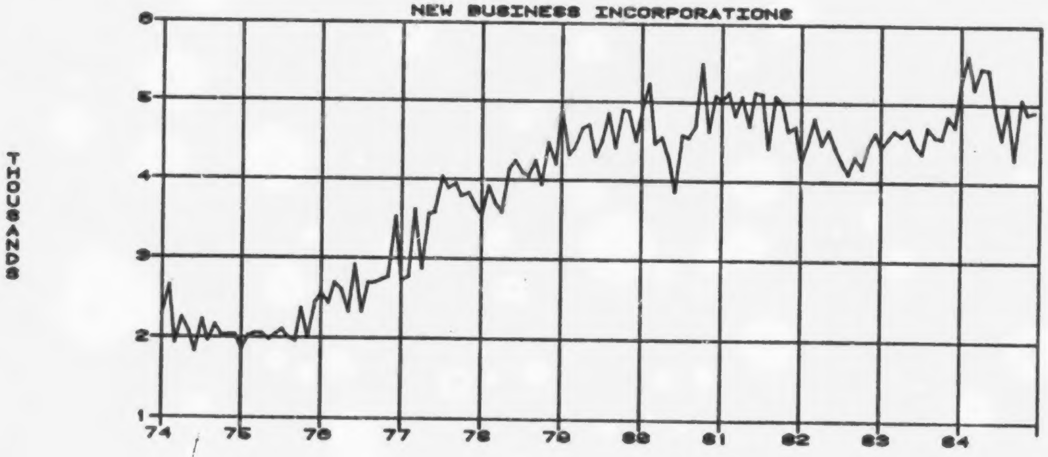
| | | | |
|---|---|---|---|
| n.a. | Not available | p | Preliminary |
| e | Estimate | r | Revised |

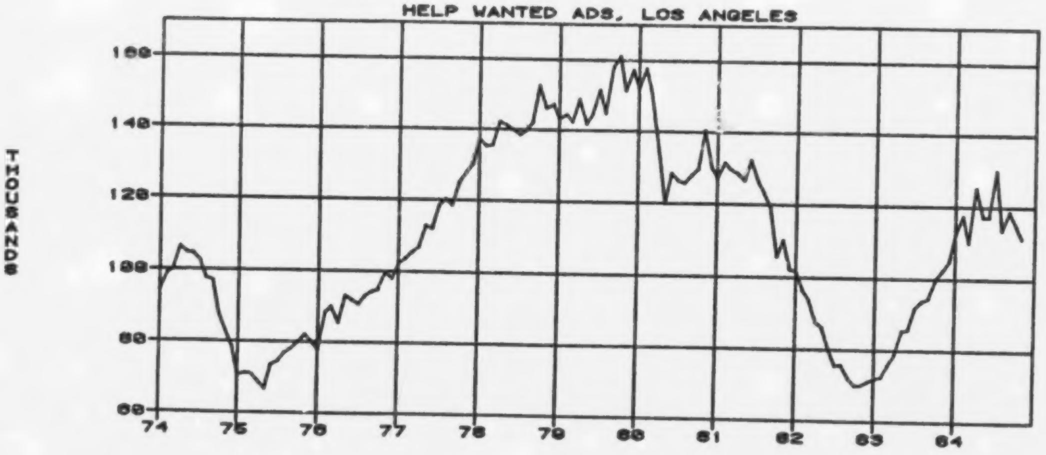

INDEX OF LEADING INDICATORS (1972=100)

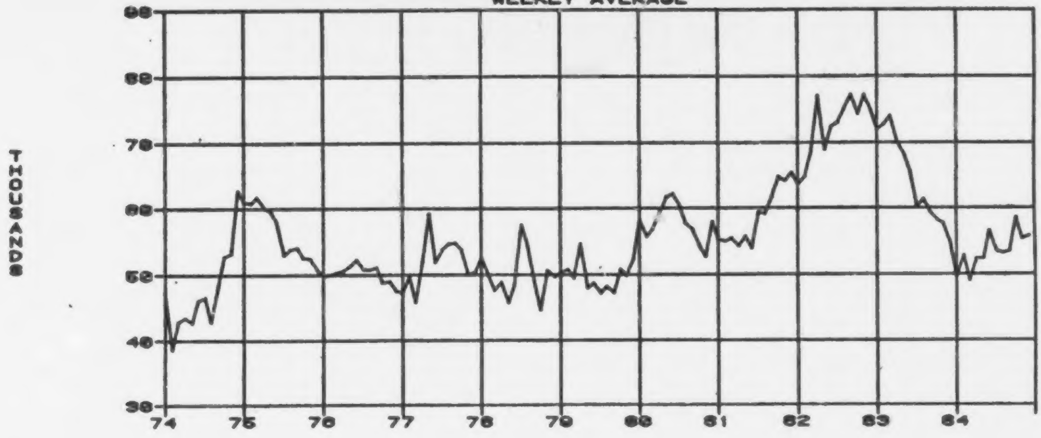

AVERAGE WEEKLY HOURS, MANUFACTURING

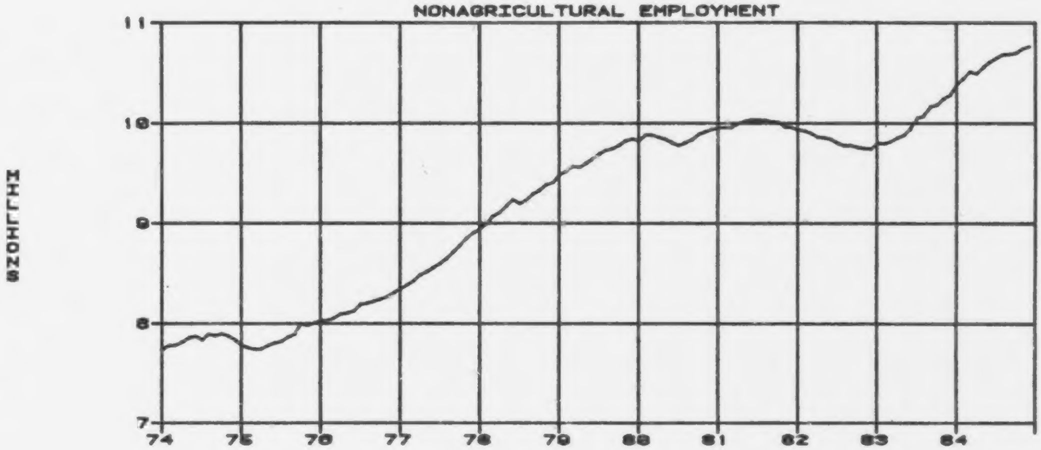

OVERTIME HOURS, MANUFACTURING

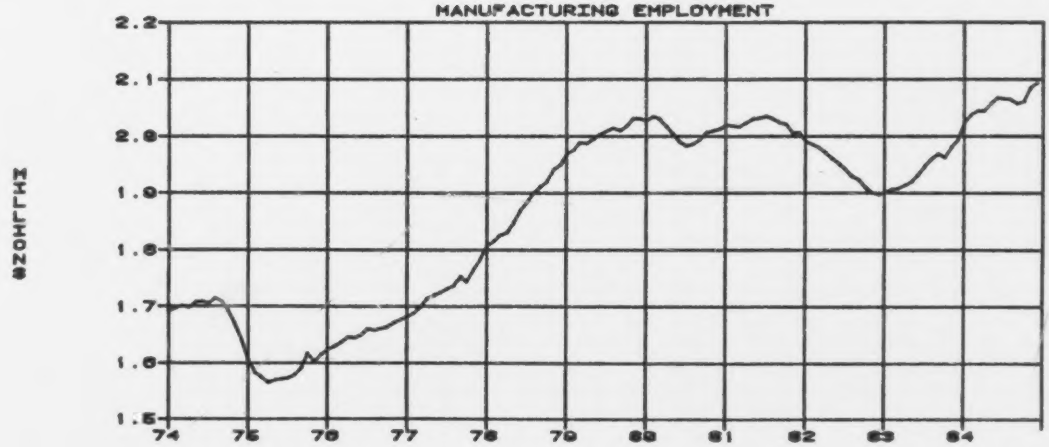

PRIVATE HOUSING UNITS AUTHORIZED, ANNUAL RATE
THOUSANDS
500
400
300
200
100
0
74
75
76
77
78
79
80
81
82
83
84

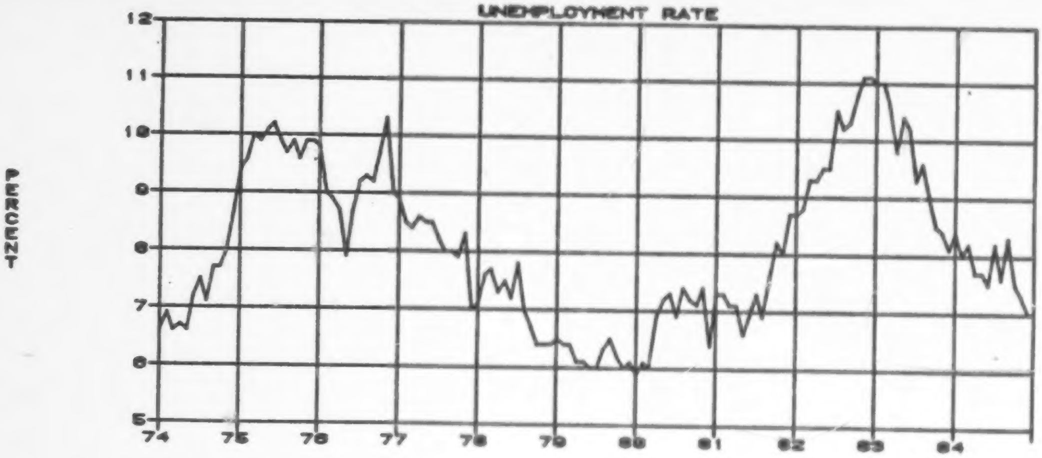

NEW BUSINESS INCORPORATIONS
THOUSANDS
6
5
4
3
2
1
74
75
76
77
78
79
80
81
82
83
84

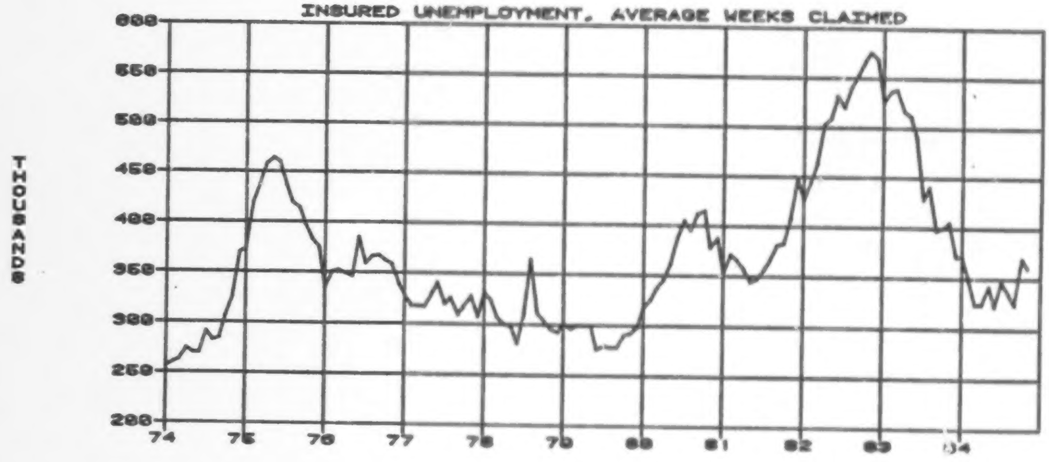

HELP WANTED ADS, LOS ANGELES
THOUSANDS
160
140
120
100
80
60
74
75
76
77
78
79
80
81
82
83
84

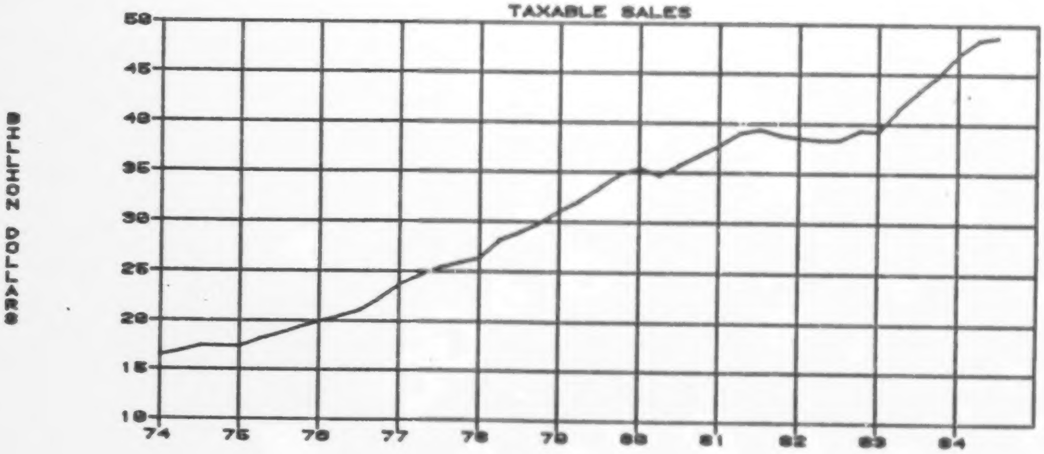

INITIAL CLAIMS FOR UNEMPLOYMENT INSURANCE, WEEKLY AVERAGE

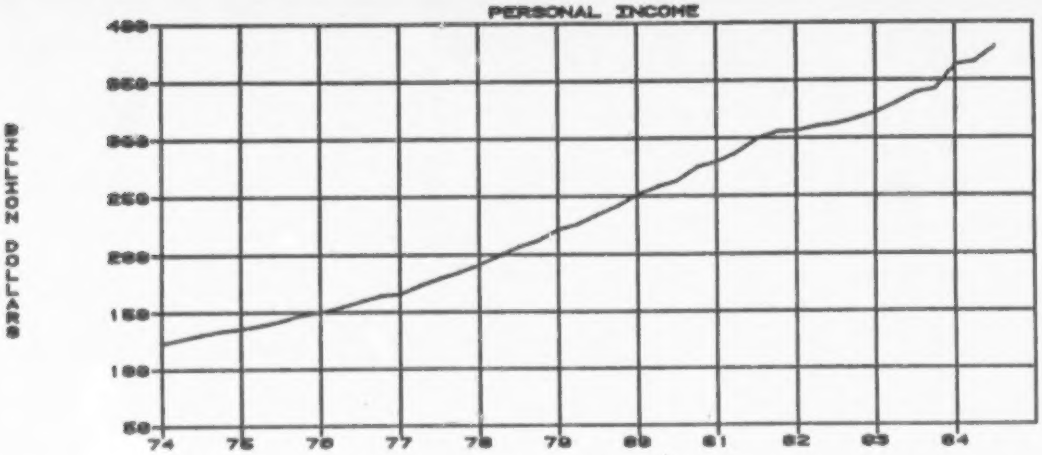

NONAGRICULTURAL EMPLOYMENT

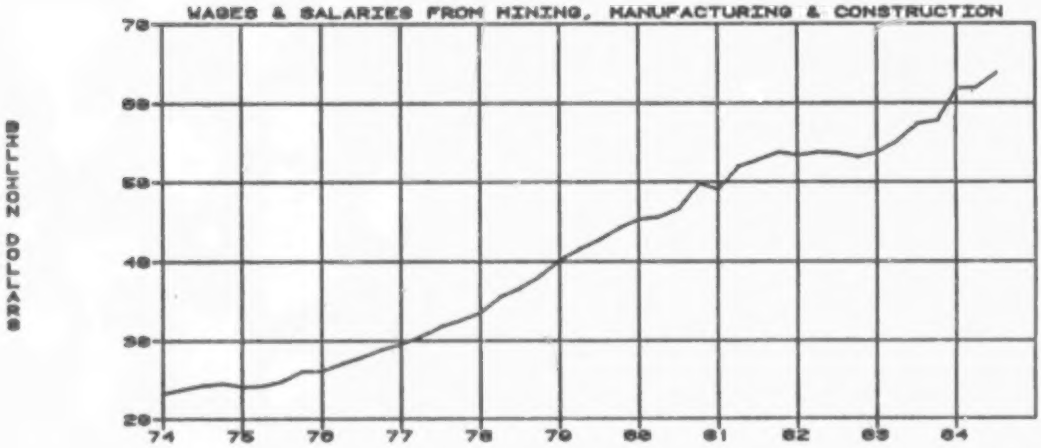

MANUFACTURING EMPLOYMENT

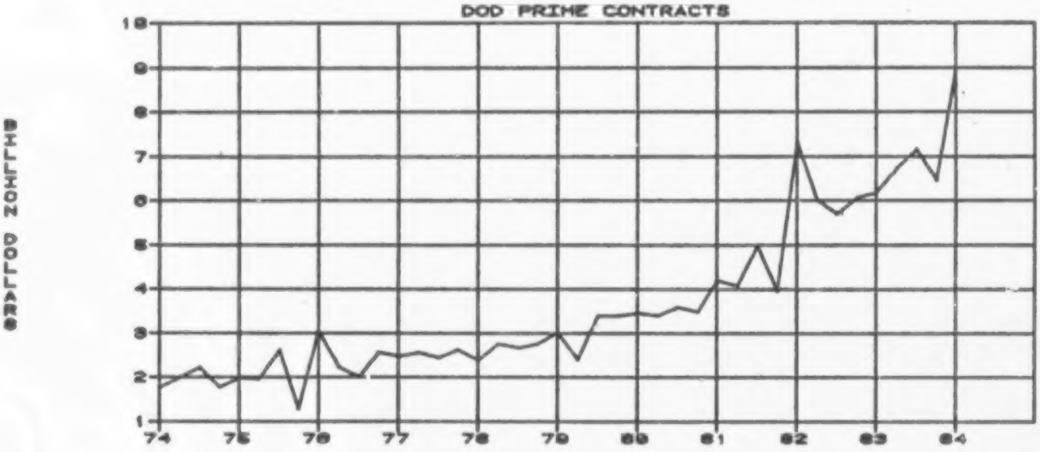

UNEMPLOYMENT RATE
PERCENT
12
11
10
9
8
7
6
5
74
75
76
77
78
79
80
81
82
83
84

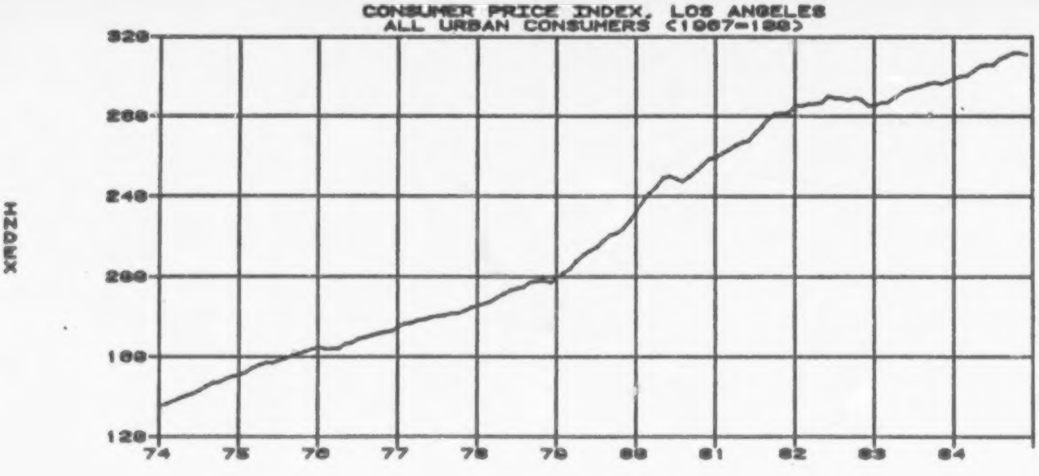

INSURED UNEMPLOYMENT, AVERAGE WEEKS CLAIMED
THOUSANDS
600
550
500
450
400
350
300
250
200
74
75
76
77
78
79
80
81
82
83
84

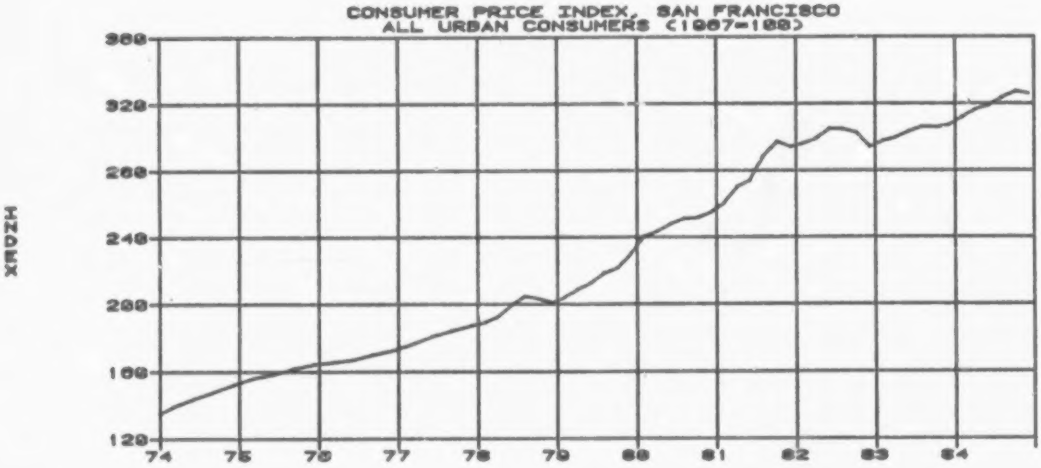

TAXABLE SALES
BILLION DOLLARS
50
45
40
35
30
25
20
15
10
74
75
76
77
78
79
80
81
82
83
84

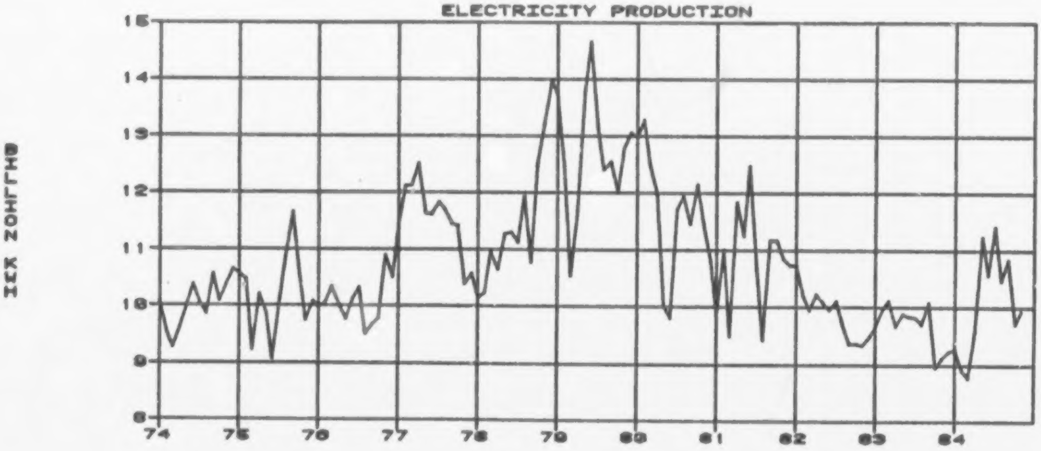

PERSONAL INCOME


WAGES & SALARIES FROM MINING, MANUFACTURING & CONSTRUCTION


DOD PRIME CONTRACTS


CONSUMER PRICE INDEX, LOS ANGELES
ALL URBAN CONSUMERS (1967=100)
INDEX
320
280
240
200
160
120
74
75
76
77
78
79
80
81
82
83
84


CONSUMER PRICE INDEX, SAN FRANCISCO
ALL URBAN CONSUMERS (1967=100)
INDEX
360
320
280
240
200
160
120
74
75
76
77
78
79
80
81
82
83
84


ELECTRICITY PRODUCTION
BILLION KWH
15
14
13
12
11
10
9
8
74
75
76
77
78
79
80
81
82
83
84

## BASIC DATA FOR CALIFORNIA ECONOMIC SERIES

(Seasonally Adjusted Except as Noted)

| | Leading Indicators | | | | | | |
|---|---|---|---|---|---|---|---|
| Year and Month | Index of Leading Indicators (1972=100) | Average Weekly Hours, Manufacturing | Help Wanted Ads--Los Angeles Area (thousands) | Initial Claims for Unemployment Insurance Weekly Avg. (thousands) | Overtime Hours Manufacturing | Total Housing Units Authorized (thousands) | New Business Incorporations |
| 1981 | | | | | | | |
| January | 131.5 | 39.7 | 127.2 | 55.3 | 3.1 | 128.8 | 5,026 |
| February | 131.6 | 39.7 | 131.5 | 55.0 | 2.8 | 148.2 | 5,133 |
| March | 131.7 | 39.6 | 129.7 | 55.6 | 3.0 | 130.9 | 4,832 |
| April | 132.2 | 39.6 | 128.4 | 54.3 | 2.8 | 158.5 | 5,075 |
| May | 131.8 | 39.8 | 126.5 | 55.7 | 3.0 | 131.0 | 4,704 |
| June | 132.3 | 39.7 | 132.1 | 54.0 | 3.0 | 109.5 | 5,133 |
| July | 130.2 | 39.5 | 126.6 | 59.4 | 3.0 | 96.2 | 5,110 |
| August | 129.3 | 39.7 | 123.1 | 59.2 | 3.0 | 86.3 | 4,426 |
| September | 127.4 | 39.6 | 119.1 | 61.7 | 3.0 | 83.6 | 5,088 |
| October | 123.8 | 39.5 | 105.7 | 64.7 | 2.7 | 68.1 | 4,998 |
| November | 123.9 | 39.5 | 110.0 | 64.1 | 2.7 | 64.5 | 4,635 |
| December | 123.5 | 39.7 | 102.1 | 65.4 | 2.7 | 67.7 | 4,693 |
| 1982 | | | | | | | |
| January | 122.9 | 39.7 | 101.5 | 63.6 | 2.6 | 72.4 | 4,247 |
| February | 121.6 | 39.4 | 96.3 | 64.9 | 2.6 | 66.0 | 4,522 |
| March | 120.5 | 39.3 | 93.6 | 68.7 | 2.5 | 74.3 | 4,801 |
| April | 119.8 | 39.2 | 87.7 | 76.8 | 2.6 | 70.3 | 4,471 |
| May | 121.1 | 39.3 | 85.9 | 68.9 | 2.6 | 78.1 | 4,650 |
| June | 119.2 | 39.3 | 80.4 | 72.3 | 2.5 | 90.9 | 4,436 |
| July | 118.5 | 39.3 | 75.5 | 73.0 | 2.5 | 101.0 | 4,239 |
| August | 116.7 | 39.2 | 75.7 | 75.0 | 2.4 | 68.5 | 4,098 |
| September | 117.0 | 39.0 | 72.2 | 77.2 | 2.3 | 73.4 | 4,315 |
| October | 118.2 | 39.1 | 69.9 | 74.2 | 2.3 | 88.7 | 4,166 |
| November | 119.1 | 39.0 | 70.2 | 77.2 | 2.4 | 93.4 | 4,445 |
| December | 120.6 | 39.0 | 71.2 | 74.6 | 2.4 | 127.5 | 4,619 |
| 1983 | | | | | | | |
| January | 121.7 | 39.2 | 72.0 | 71.9 | 2.4 | 130.9 | 4,440 |
| February | 123.8 | 39.6 | 72.4 | 72.7 | 2.5 | 141.7 | 4,558 |
| March | 124.8 | 39.5 | 75.5 | 73.9 | 2.7 | 116.9 | 4,644 |
| April | 129.2 | 40.2 | 78.7 | 70.1 | 2.9 | 160.1 | 4,579 |
| May | 130.0 | 39.8 | 85.3 | 68.1 | 2.8 | 167.1 | 4,675 |
| June | 131.5 | 40.0 | 85.6 | 65.5 | 2.9 | 208.4 | 4,478 |
| July | 132.4 | 40.1 | 91.7 | 60.2 | 3.0 | 157.3 | 4,360 |
| August | 133.5 | 40.1 | 93.5 | 61.4 | 3.1 | 174.6 | 4,692 |
| September | 133.8 | 40.0 | 94.5 | 59.3 | 3.1 | 158.9 | 4,574 |
| October | 135.0 | 40.3 | 99.9 | 58.2 | 3.2 | 145.8 | 4,554 |
| November | 135.7 | 40.3 | 101.9 | 57.8 | 3.1 | 186.3 | 4,841 |
| December | 137.3 | 40.3 | 105.0 | 54.6 | 3.2 | 215.5 | 4,713 |
| 1984 | | | | | | | |
| January | 140.4 | 40.3 | 112.5 | 49.5 | 3.3 | 235.8 | 5,283 |
| February | 140.1 | 40.4 | 117.4 | 52.8 | 3.3 | 250.9 | 5,617 |
| March | 140.1 | 40.4 | 110.0 | 49.1 | 3.3 | 244.7 | 5,197 |
| April | 142.7r/ | 41.0 | 125.2 | 52.3 | 3.4 | 230.0 | 5,462 |
| May | 139.7 | 40.2 | 117.2 | 52.5 | 3.3 | 215.0 | 5,441 |
| June | 138.5 | 40.3 | 117.2 | 56.5 | 3.4 | 206.8 | 4,954 |
| July | 139.7 | 40.3 | 130.0 | 53.4 | 3.4 | 200.7 | 4,559 |
| August | 138.4 | 40.1 | 113.7 | 53.3 | 3.1 | 216.1 | 4,980 |
| September | 138.5 | 40.3 | 118.6 | 53.5 | 3.2 | 174.4 | 4,295 |
| October | 137.2 | 40.0 | 114.8 | 58.6 | 3.2 | 191.5 | 5,067 |
| November | 138.7p/ | 40.2 | 111.2 | 55.4 | 3.4 | | 4,880 |
| December | | 40.3 | | 55.9 | | | 4,911 |

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## BASIC DATA FOR CALIFORNIA ECONOMIC SERIES (Continued)

(Seasonally Adjusted Except as Noted)

| | Coincident Indicators | | | | | | Other Indicators |
|---|---|---|---|---|---|---|---|
| Year and Month | Nonagricultural Employment (thousands) | Wages and Salaries in Mining, Manufacturing and Construction (mil dol.) | Unemployment Rate | Insured Unemployment Average Weeks Claimed (thousands) | Personal Income (mil dol.) | Taxable Sales (mil dol.) | Manufacturing Employment (thousands) |
| 1981 | | | | | | | |
| January | 9,956.7 | | 7.3 | 353 | | | 2,019.6 |
| February | 9,953.8 | 49,060 | 7.3 | 371 | 278,922 | 37,723 | 2,018.6 |
| March | 9,958.2 | | 7.1 | 366 | | | 2,016.1 |
| April | 10,005.0 | | 7.1 | 356 | | | 2,024.2 |
| May | 10,022.1 | 51,807 | 6.6 | 344 | 287,721 | 39,014 | 2,031.0 |
| June | 10,037.1 | | 6.9 | 347 | | | 2,032.5 |
| July | 10,029.4 | | 7.3 | 356 | | | 2,035.6 |
| August | 10,025.4 | 52,737 | 6.9 | 365 | 300,325 | 39,464 | 2,030.5 |
| September | 10,008.4 | | 7.6 | 381 | | | 2,024.5 |
| October | 10,008.3 | | 8.2 | 383 | | | 2,021.1 |
| November | 9,965.8 | 54,052 | 8.0 | 407 | 305,795 | 38,858 | 2,005.9 |
| December | 9,954.8 | | 8.7 | 448 | | | 2,005.8 |
| 1982 | | | | | | | |
| January | 9,927.3 | | 8.7 | 427 | | | 1,991.5 |
| February | 9,923.5 | 53,629 | 8.8 | 445 | 305,460 | 38,538 | 1,985.8 |
| March | 9,900.0 | | 9.3 | 464 | | | 1,980.9 |
| April | 9,860.4 | | 9.3 | 503 | | | 1,970.9 |
| May | 9,852.8 | 53,676 | 9.5 | 509 | 310,246 | 38,309 | 1,961.1 |
| June | 9,836.9 | | 9.5 | 532 | | | 1,952.4 |
| July | 9,799.8 | | 10.5 | 520 | | | 1,942.7 |
| August | 9,773.3 | 53,277 | 10.2 | 540 | 313,398 | 38,354 | 1,930.4 |
| September | 9,772.4 | | 10.3 | 552 | | | 1,924.3 |
| October | 9,752.2 | | 10.8 | 567 | | | 1,909.4 |
| November | 9,750.2 | 53,342 | 11.1 | 576 | 317,323 | 39,293 | 1,901.7 |
| December | 9,744.0 | | 11.1 | 569 | | | 1,897.0 |
| 1983 | | | | | | | |
| January | 9,798.2 | | 11.0 | 526 | | | 1,902.1 |
| February | 9,797.0 | 53,824 | 11.0 | 537 | 321,331 | 39,269 | 1,906.8 |
| March | 9,816.3 | | 10.6 | 539 | | | 1,908.4 |
| April | 9,854.8 | | 9.8 | 517 | | | 1,913.9 |
| May | 9,884.6 | 55,174 | 10.4 | 511 | 330,190 | 41,515 | 1,920.8 |
| June | 9,940.5 | | 10.2 | 491 | | | 1,932.5 |
| July | 10,056.5 | | 9.3 | 428 | | | 1,948.0 |
| August | 10,067.4 | 57,427 | 9.6 | 441 | 340,516 | 43,357 | 1,959.6 |
| September | 10,165.6 | | 9.0 | 398 | | | 1,969.5 |
| October | 10,186.1 | | 8.5 | 400 | | | 1,963.3 |
| November | 10,238.7 | 57,812 | 8.4 | 406 | 342,928 | 44,943 | 1,981.4 |
| December | 10,279.7 | | 8.1 | 371 | | | 1,994.5 |
| 1984 | | | | | | | |
| January | 10,384.6 | | 8.4 | 371 | | | 2,023.3 |
| February | 10,443.3 | 61,906 | 8.0 | 348 | 362,906 | 46,934 | 2,037.4 |
| March | 10,512.1 | | 8.2 | 324 | | | 2,045.1 |
| April | 10,492.1 | | 7.7 | 324 | | | 2,044.5 |
| May | 10,556.8 | 61,946 r/ | 7.7 | 342 | 365,995 r/ | 48,455 | 2,058.8 |
| June | 10,610.1 | | 7.5 | 322 | | | 2,067.0 |
| July | 10,650.6 | | 8.2 | 347 | | | 2,066.3 |
| August | 10,682.4 | 63,481 | 7.6 | 336 | 378,622 | 48,772 | 2,064.9 |
| September | 10,690.4 | | 8.3 | 324 | | | 2,057.5 |
| October | 10,701.1 r/ | | 7.5 | 370 | | | 2,061.3 r/ |
| November | 10,743.5 | | 7.3 | 360 | | | 2,084.7 |
| December | 10,769.8 | | 7.0 | | | | 2,094.7 |

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## BASIC DATA FOR CALIFORNIA ECONOMIC SERIES (Continued)

(Seasonally Adjusted Except as Noted)

Other Indicators

| Year and Month | DOD Prime Contracts (mil dol.)b/ | Consumer Price Index (1967=100)c/ | | | | Net New S&L Savingsc/ (mil dol.) | Electricity Production (mil KWH) |
|---|---|---|---|---|---|---|---|
| | | San Francisco | | Los Angeles | | | |
| | | Wage Earner and Clerical Worker | All Urban | Wage Earner and Clerical Worker | All Urban | | |
| 1981 | | | | | | | |
| January | | -- | -- | 262.7 | 259.4 | -241 | 9,831 |
| February | 4,105 | 261.6 | 260.5 | 265.0 | 261.6 | -2 | 11,005 |
| March | | -- | -- | 266.5 | 263.3 | -753 | 9,485 |
| April | | 270.9 | 270.3 | 269.1 | 265.5 | -830 | 11,847 |
| May | 4,051 | -- | -- | 270.7 | 267.3 | -44 | 11,240 |
| June | | 274.3 | 274.0 | 271.7 | 267.9 | -1,539 | 12,469 |
| July | | -- | -- | 276.3 | 272.2 | -1,020 | 10,626 |
| August | 4,979 | 287.2 | 287.9 | 278.6 | 274.8 | -1,016 | 9,423 |
| September | | -- | -- | 282.9 | 279.3 | -541 | 11,165 |
| October | | 295.6 | 297.0 | 284.9 | 281.3 | 667 | 11,168 |
| November | 4,078 | -- | -- | 285.3 | 281.6 | -385 | 10,850 |
| December | | 292.7 | 294.0 | 285.9 | 282.1 | -110 | 10,717 |
| 1982 | | | | | | | |
| January | | -- | -- | 289.6 | 285.6 | 366 | 10,728 |
| February | 7,080 | 294.9 | 295.8 | 289.2 | 285.4 | 333 | 10,201 |
| March | | -- | -- | 290.2 | 286.4 | -181 | 9,939 |
| April | | 297.8 | 298.8 | 290.3 | 286.6 | -1,085 | 10,218 |
| May | 6,020 | -- | -- | 290.6 | 287.1 | -47 | 10,063 |
| June | | 303.4 | 304.6 | 293.9 | 290.1 | -1,140 | 9,950 |
| July | | -- | -- | 293.0 | 289.3 | -143 | 10,093 |
| August | 5,683 | 302.8 | 304.3 | 292.8 | 289.1 | -412 | 9,712 |
| September | | -- | -- | 291.7 | 288.2 | 78 | 9,365 |
| October | | 301.3 | 302.4 | 292.8 | 289.5 | -615 | 9,362 |
| November | 6,326 | -- | -- | 291.6 | 288.5 | 779 | 9,338 |
| December | | 293.6 | 293.9 | 288.0 | 285.3 | 3,492 | 9,486 |
| 1983 | | | | | | | |
| January | | -- | -- | 288.0 | 285.6 | 5,802 | 9,660 |
| February | 6,173 | 293.9 | 297.3 | 290.1 | 286.8 | 2,757 | 9,964 |
| March | | -- | -- | 289.6 | 287.1 | 1,992 | 10,112 |
| April | | 294.7 | 299.3 | 290.2 | 289.5 | 2,301 | 9,663 |
| May | 6,740 | -- | -- | 292.1 | 292.0 | 2,381 | 9,883 |
| June | | 298.6 | 303.0 | 292.1 | 293.6 | 1,043 | 9,835 |
| July | | -- | -- | 293.2 | 294.5 | 2,066 | 9,820 |
| August | 7,157 | 301.6 | 306.0 | 293.7 | 295.2 | 3,207 | 9,699 |
| September | | -- | -- | 296.7 | 296.4 | 3,476 | 10,079 |
| October | | 301.4 | 305.7 | 299.0 | 297.0 | 1,679 | 8,956 |
| November | 6,462 | -- | -- | 297.8 | 296.5 | 273 | 9,107 |
| December | | 306.1 | 307.3 | 299.9 | 297.7 | 2,224 | 9,241 |
| 1984 | | | | | | | |
| January | | -- | -- | 297.9 | 299.1 | 3,518 | 9,275 |
| February | 8,930 | 308.7 | 311.7 | 299.0 | 300.2 | 1,752 | 8,909 |
| March | | -- | -- | 297.9 | 300.7 | 3,171 | 8,770 |
| April | | 311.1 | 316.4 | 298.9 | 302.8 | 3,241 | 9,579 |
| May | | -- | -- | 303.1 | 305.4 | 5,462 | 11,232 |
| June | | 315.1 | 318.7 | 303.4 | 305.6 | 3,322 | 10,569 |
| July | | -- | -- | 300.3 | 305.9 | 3,236 | 11,416 |
| August | | 322.7 | 323.4 | 305.1 | 308.6 | -971 | 10,464 |
| September | | -- | -- | 304.2 | 310.2 | -162 r/ | 10,839 |
| October | | 319.3 | 327.5 | 302.6 | 311.9 | 2,261 | 9,708 |
| November | | -- | -- | 304.3 | 311.8 | 1,433 | 9,935 |
| December | | 321.5 | 325.8 | 306.5 | 311.1 | | |

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a/Annual basis.
b/Quarterly data.
c/Not adjusted for seasonal variation.
r/Revised.

FR:0163C1

# CHRONOLOGY

The following summary lists economic, political, and natural developments which have influenced California economic indicators, and may account for unusual movements in the series. Appraisal of the charts will be facilitated in many cases by taking into consideration those factors which may be contributing to temporary directional changes in business activity which are not indicative of significant changes in the economic situation of the State. In addition, major national events of general interest have also been included.

## 1969

| | |
|---|---|
| January 1 | Social security contribution rate increased to combined 9.6 percent. |
| January 7 | Prime rate raised from 6-3/4 percent to 7 percent. |
| January 24 | FHA interest rate raised from 6-3/4 percent to 7-1/2 percent. |
| March 17 | Prime rate raised from 7 percent to 7-1/2 percent. |
| April 3 | Discount rate raised from 5-1/2 percent to 6 percent; reserve requirement raised. |
| June 9 | Prime rate raised from 7-1/2 percent to 8-1/2 percent. |
| June 12 | Required liquidity reserves of savings and loan associations lowered from 6-1/2 percent to 6 percent. |
| October 27-February 1970 | General Electric strike. |

## 1970

| | |
|---|---|
| January 1 | Personal income tax surcharge reduced to 5 percent. Withholding cut. |
| January 5 | FHA interest rate raised from 7-1/2 percent to 8-1/2 percent. |
| January 21 | Increased schedule of interest rates on time deposits and certificates of deposit in effect. |
| March 25 | Prime rate reduced from 8-1/2 percent to 8 percent. |
| April 2-June 2 | Teamster strike. |
| May 6 | Stock margin requirement cut from 80 percent to 65 percent. |
| July 1 | Personal income tax surcharge removed. |
| September 14-November 23 | UAW strike against GM. |
| September 22 | Prime rate reduced from 8 percent to 7-1/2 percent. |

## 1970--Continued

| | |
|---|---|
| November 10 | Discount rate reduced from 6 percent to 5-3/4 percent. |
| November 12 | Prime rate reduced from 7-1/2 percent to 7-1/4 percent. |
| November 23 | Prime rate reduced from 7-1/4 percent to 7 percent. |
| December 1 | Discount rate reduced from 5-3/4 percent to 5-1/2 percent. FHA interest rate reduced from 8-1/2 percent to 8 percent. |
| December 20 | 13-week extended duration unemployment benefits in effect. |
| December 22 | Prime rate reduced from 7 percent to 6-3/4 percent. |

## 1971

| | |
|---|---|
| January 6 | Prime rate reduced from 6-3/4 percent to 6-1/2 percent. |
| January 8 | Discount rate reduced from 5-1/2 percent to 5-1/4 percent. |
| January 12 | FHA interest rate reduced from 8 percent to 7-1/2 percent. |
| January 15 | Prime rate reduced from 6-1/2 percent to 6-1/4 percent. |
| January 18 | Prime rate reduced from 6-1/4 percent to 6 percent. |
| January 19 | Discount rate reduced from 5-1/4 percent to 5 percent. |
| February 4 | Rolls Royce bankruptcy announced. |
| February 9 | Los Angeles earthquake. |
| February 12 | Discount rate reduced from 5 percent to 4-3/4 percent. |
| February 16 | Prime rate reduced from 6 percent to 5-3/4 percent. |
| February 23 | Davis Bacon Act regulating construction wages on Federal projects suspended. Suspension revoked on March 29. Wage-price curbs ordered. |

## CHRONOLOGY--Continued

### 1971--Continued

| | |
|---|---|
| March 16 | Prime rate reduced from 5-3/4 percent to 5-1/2 percent. |
| March 17 | Social security bill signed. Benefits raised 10 percent, retroactive to Jaunary 1, 1971. Contribution base raised to $9,000 effective January 1, 1972. |
| March 25 | SST program terminated. |
| April 1 | Interest rates on savings accounts in California banks generally reduced from 4-1/2 percent to 4 percent. |
| April 23 | Prime rate raised from 5-1/4 percent to 5-1/2 percent. |
| May 1 | Liquidity ratio for savings and loan asscciations raised from 6-1/2 percent to 7-1/2 percent. |
| May 17-18 | Rail strike. |
| June 1-July 27 | Communications workers strike against Western Union. |
| June 15-21 | Prime rate increased from 5-1/2 percent to 5-3/4 percent. General rise to 6 percent on July 7. |
| June 29-July 16 | Northern California construction strike. |
| July 1-October 6 | West Coast dock strike. |
| July 14-August 2 | Telephone strike. |
| July 15 | Discount rate raised from 4-3/4 percent to 5 percent. |
| July 16-August 2 | Rail strike. |
| July 31 | Steel strike averted by accord on contract. |
| August 2 | Lockheed loan guarantee approval. |
| August 3 | Teamsters walkout in Northern California against building contractors. |
| August 15-November 13 | President's economic policy message; 90-day wage-price freeze in effect. |
| October 1 | East and Gulf Coast longshoremen's strike. |
| October 20 | Prime rate reduced from 6 percent to 5-3/4 percent. Further reduction to 5-1/2 percent on November 4. |

### 1971--Continued

| | |
|---|---|
| November 11 | Discount rate reduced from 5 percent to 4-3/4 percent. |
| November 14 | Phase II of NEP in effect. |
| December 6 | Stock margin requirements cut from 65 percent to 55 percent. |
| December 10 | Revenue Act of 1971 signed into law. |
| December 13 | Discount rate reduced from 4-3/4 percent to 4-1/2 percent. Prime rate lowered from 5-1/2 percent to 5-1/4 percent.* |
| | Intent to devalue U.S. dollar announced. |

### 1972

| | |
|---|---|
| January 17-February 20 | West Coast dock strike continued. |
| February 1-March 15 | Kaiser Steel Company strike. |
| July 1 | 20 percent increase in social security benefits signed into law. Effective September. |
| September 11 | Opening of BART Fremont-Oakland line. |
| September 21 | "Friends of Mammoth" decision. |
| November 24 | Stock margin requirements raised to 65 percent. |

### 1973

| | |
|---|---|
| January 11 | Phase III of NEP in effect. |
| January 15 | Discount rate raised from 4-1/2 percent to 5 percent. |
| January 27 | Viet Nam cease fire signed. |
| January 29 | Opening of BART Richmond-Oakland line. |
| February 12 | 10 percent devaluation of U.S. dollar announced. |
| March 2 | Major foreign currency exchanges closed. |
| March 29 | Price controls of meat announced. |

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* Adoption of a floating prime rate in November 1971 has resulted in frequent minor adjustments in the rate. Information on the range of rates at any one time and the rate charged by the majority of commercial banks may be obtained from the Federal Reserve Bulletin.

## CHRONOLOGY--Continued

### 1973

| | |
|---|---|
| April 9-13 | Consumer meat boycott. |
| April 23 | Discount rate raised from 5-1/2 percent to 5-3/4 percent. |
| May 10 | Discount rate raised from 5-3/4 percent to 6 percent. |
| June 11 | Discount rate raised from 6 percent to 6-1/2 percent. |
| June 14 | 60-day price freeze announced. |
| July 2 | Discount rate raised from 6-1/2 percent to 7 percent. Increased reserve requirement on net demand deposits. |
| July 6 | Interest rates increased: FHA mortgage rate: 7 percent to 7-3/4 percent; bank savings rate: 4-1/2 percent to 5 percent; savings and loan rate: 5 percent to 5-1/4 percent. |
| July 18 | Phase IV announced. |
| August 27 | Prime rate at 9-3/4 percent in major institutions. |
| October 17 | Arab nations announce reductions in oil shipment. |
| November 5-December 18 | TWA strike. |

### 1974

| | |
|---|---|
| January 3 | Stock margin requirements cut from 65 percent to 50 percent. |
| February 1-11 | Independent truckers strike, midwest and east coast. |
| February 15 | Prime rate reduced to 9 percent. |
| February 22 | Prime rate reduced to 8-3/4 percent. |
| March 4 | California minimum wage increased to $2.00 per hour from $1.65. |
| March 18 | Arab oil embargo lifted. |
| March 27 | Prime rate increased to 9 percent from 8-3/4 percent. |
| March 28 | Prime rate further increased to 9-1/2 percent. |
| April 25 | Federal Reserve raised discount rate to 8 percent from 7-1/2 percent. |
| April 29 | Prime rate up to 10-3/4 percent. |

### 1974--Continued

| | |
|---|---|
| April 30 | Phase IV controls lifted in approximately 165 sectors of the economy. |
| June 17-August 4 | San Diego construction strike. |
| June 17-July 21 | Northern California construction strike. |
| July 1-Mid-August | Southern California construction strike. |
| July 1 | Transit strikes, San Francisco Bay Area. |
| August 2-October 21 | Los Angeles area transit strike. |
| August 8 | Resignation of President Nixon announced. |
| August 14 | FHA mortgage rate raised to 9-1/2 percent.<br>Prime rate reduced from 12 percent to 11-3/4 percent on limited basis. Prevailing rate on date of major changes:<br>October 21....11 1/2 percent<br>October 28....11 1/4 percent<br>November 4....11 percent<br>November 14...10 3/4 percent<br>November 25...10 1/2 percent |
| October 8 | Prime rate reduced from 12 percent to 11-3/4 percent by several more large banks. |
| November 12-December 9 | Coal strike. |
| December 9 | Discount rate reduced from 8 percent to 7-3/4 percent. |

### 1975

| | |
|---|---|
| January 6 | Federal Reserve discount rate cut from 7-3/4 percent to 7-1/4 percent. |
| January 10 | Oil Chemical Atomic Workers Union strike. |
| January 13 | Prime rate reduced to 10 percent. Further major cuts as follows:<br>Jannuary 21.....9 3/4 percent<br>January 31......9 percent<br>February 6......8 3/4 percent<br>February 19.....8 1/2 percent<br>March 3.........8 1/4 percent<br>March 8.........8 percent |
| January 21 | FHA mortgage rate reduced from 9 percent to 8-1/2 percent. |
| February 5 | Federal Reserve discount rate cut from 7-1/4 percent to 6-3/4 percent. |

## 1975--Continued

| | |
|---|---|
| March 10 | Federal Reserve discount rate cut from 6-3/4 percent to 6-1/4 percent. |
| March 24 | Prime rate reduced to 7-1/2 percent by most major banks. |
| March 25 | King Faisal assassinated. |
| March 29 | Tax reduction act signed into law. |
| May 19 | Prime rate reduced to 7-1/4 percent by several major banks. |
| June 10 | Prime rate reduced to 7 percent by most banks. |
| July 18 | Prime rate increased to 7-1/4 percent. Further gains as follows:<br>July 25.......7-1/2 percent<br>August 11.....7-3/4 percent<br>September 15....8 percent |
| September 1 | National Airlines strike. |
| October 16 | Reserve requirement on time deposits reduced from 3 percent to 1 percent. |
| October 24 | Prime rate reduced to 7-3/4 percent. Further reductions as follows:<br>October 31......7-1/2 percent<br>November 21.....7-1/4 percent |
| December 5-19 | United Airlines strike. |

## 1976

| | |
|---|---|
| January 12 | Prime rate lowered to 7 percent. |
| January 19 | Federal Reserve discount rate lowered from 6 percent to 5-1/2 percent. |
| January 21 | Prime rate reduced to 6-3/4 percent. |
| April 1-3 | Teamsters strike. |
| April 9-June 4 | Prime rate moving upward, 6-3/4 percent to 7-1/4 percent at most major banks. |
| April 21 | Rubber workers strike. |
| July 20-August 2 | Cannery workers strike. |
| August 2 | Prime rate reduced to 7 percent. Further reductions as follows:<br>October 4......6-3/4 percent<br>October 29.....6-1/2 percent<br>December 10....6-1/4 percent |

## 1976--Continued

| | |
|---|---|
| September 15-October 13 | Auto workers strike. |
| October 18 | California minimum wage raised to $2.50 per hour. |
| December 22 | Prime rate reduced to 6 percent by Chase Manhattan Bank. Most banks maintain a prime rate of 6-1/4 percent. |

## 1977

| | |
|---|---|
| May 16 | Prime rate raised to 6-1/2 percent. |
| May 31 | Prime rate raised to 6-3/4 percent. |
| August 22 | Prime rate raised to 7 percent. |
| August 30 | Federal Reserve discount rate raised from 5-1/4 percent to 5-3/4 percent, the first increase since April 1974. |
| September 16 | Prime rate raised to 7-1/4 percent. |
| October 1-November 24 | Longshoremen's strike against East and Gulf Coast ports. |
| October 7 | Prime rate raised to 7-1/2 percent. |
| October 10-January 4 | IAM-Lockheed strike. |
| October 24 | Prime rate raised from 7-1/2 percent to 7-3/4 percent. |
| October 26 | Discount rate raised from 5-3/4 percent to 6 percent. |
| December 6-March 24 | United Mine Workers strike. |

## 1978

| | |
|---|---|
| January 1 | U.S. minimum wage increased to $2.65 per hour. |
| January 9 | Discount rate raised from 6 percent to 6-1/2 percent. |
| January 10 | Prime rate raised to 8 percent. |
| February 28 | FHA mortgage rate raised from 8-1/2 percent to 8-3/4 percent. |
| April 1 | California minimum wage increased from $2.50 to $2.65 per hour. |
| April 1-May 28 | United Airlines strike. |
| May 4 | Prime rate raised from 8 percent to 8-1/4 percent. |

## CHRONOLOGY--Continued

| | 1978--Continued |
|---|---|
| May 8 | California savings and loan assocations raised mortgage rates from 9-3/4 percent to 10 percent. |
| May 12 | Discount rate raised to 7 percent. |
| May 23 | Federal funds rate increased to 7-1/2 percent.<br>FHA-VA mortgage rate raised from 8-3/4 percent to 9 percent. |
| May 26 | Prime rate raised from 8-1/4 percent to 8-1/2 percent. |
| June 6 | Proposition 13 approved by California voters. |
| June 16 | Prime rate raised to 8-3/4 percent. |
| June 20 | OPEC announced a freeze on crude oil prices until December 16. |
| June 22 | Federal funds rate raised from 7-1/2 percent to 7-3/4 percent. |
| June 29 | FHA-VA mortgage rate raised to 9-1/2 percent. |
| June 30 | Prime rate raised to 9 percent. |
| July 10 | Discount rate raised to 7-1/4 percent. |
| July 18 | Teamsters union strike affecting supermarkets throughout Northern California. |
| August 20 | Retail clerks union strike in Southern California. |
| August 21 | Discount rate raised to 7-3/4 percent. |
| August 29 | Federal funds rate raised from 8-1/8 percent to 8-1/4 percent. |
| August 31 | Prime rate raised by some eastern banks from 9 percent to 9-1/4 percent. |
| September 15 | Prime rate raised to 9-1/2 percent. |
| September 22 | Discount rate raised from 7-3/4 percent to 9-3/4 percent. |
| September 28 | Prime rate raised from 9-1/2 percent to 9-3/4 percent. |

| | 1978--Continued |
|---|---|
| October 12 | Prime rate raised from 9-3/4 percent to 10 percent. |
| October 15 | Tax cut and energy bills passed by Congress. |
| October 16 | Discount rate raised from 8 percent to 8-1/2 percent. |
| October 18 | Federal funds rate raised from 8-3/4 percent to 8-7/8 percent. |
| October 24 | Prime rate raised from 10 percent to 10-1/4 percent.<br>California mortgage rates raised from 10 percent to 10-1/4 percent at several savings and loan institutions. |
| October 24 | Phase II announced: voluntary guidelines on wages and prices. |
| November 1 | Discount rate raised from 8-1/2 percent to 9-1/2 percent.<br>Prime rate raised to 10-1/2 percent. |
| November 3 | Prime rate raised from 10-1/2 percent to 10-3/4 percent. |
| November 13 | Prime rate raised from 10-3/4 percent to 11 percent. |
| November 24 | Prime rate raised to 11-1/2 percent. |
| November 27 | Federal funds rate raised from 9-3/4 percent to 9-7/8 percent. |
| December 4 | Rollover for 6-month certificates of deposit (CDs) began this week. |
| December 19 | Federal funds rate raised to 10 percent. |
| December 20 | Prime rate raised to 11-3/4 percent. |
| | 1979 |
| January 1 | U.S. minimum wage increased to $2.90 per hour. |
| January 13 | Prime rate reduced to 11-1/2 percent. |
| March 15 | Terms for MMCs changed. 1/4 point differential over 9 percent eliminated. |
| March 27 | OPEC price increases: 9 percent. Selected surcharges imposed. |

## CHRONOLOGY--Continued

1979--Continued

| | |
|---|---|
| March 31 | United Airlines-machinist strike. |
| April 1-10 | Teamsters strike. |
| May 7 | Prime rate moved to 11-3/4 percent from 11-1/2 percent. |
| May 19 | Federal funds rate set at 7-1/4 percent. |
| May 26 | United Airlines strike ended. |
| May 30 | Interest rate on conventional mortgages raised to 11-3/4 percent. |
| June 12 | Prime rate reduced to 11-1/2 percent. |
| July 1 | Interest rates on passbook accounts up to 5.5 percent at Savings and Loans and 5.25 percent for banks. |
| July 20 | Discount rate raised from 9-1/2 percent to 10 percent. |
| August 16 | Discount rate raised to 10-1/2 percent. |
| August 24 | Federal funds rate raised from 11 percent to 11-1/4 percent. |
| August 26-September 10 | Los Angeles Rapid Transit District strike. |
| August 28 | Prime rate raised from 12 percent to 12-1/4 percent. |
| August 31-November 21 | BART strike. |
| September 4 | Federal funds rate raised from 11-1/percent |

1980

| | |
|---|---|
| February 25 | Prime rate raised to 16-1/2 percent. |
| February 27 | Ceilings on interest rates for government backed mortgages raised to 13 percent. |
| February 29 | Prime rate raised to 16-3/4 percent. |
| March 4 | Prime rate raised to 17-1/4 percent. |
| March 7 | Prime rate raised to 17-3/4 percent. |
| March 13 | Prime rate raised to 18-1/4 percent. |

1980--Continued

| | |
|---|---|
| March 14 | Announcement of tighter fiscal policies. |
| March 17 | Three percent discount rate surcharge imposed. |
| March 18 | Prime rate raised to 19 percent. |
| April 2 | Prime rate raised to 20 percent. |
| April 3 | FHA mortgages raised to 14 percent. |
| April 20 | Prime rate reduced to 19-1/2 percent. |
| April 28 | FHA mortgages reduced to 13 percent. |
| | Prime rate reduced to 18-1/2 percent. |
| May 5 | Prime rate reduced to 18 percent. |
| May 7 | Prime rate reduced to 17 percent. |
| May 8 | Discount rate surcharge reimposed. |
| May 12 | Prime rate reduced to 16-1/2 percent. |
| May 19 | Prime rate reduced to 16 percent. |
| May 28 | Discount rate lowered to 12 percent from 13 percent. |
| June 4 | Prime rate reduced to 13 percent. |
| June 12 | Discount rate lowered to 11 percent. Prime rate reduced to 12-1/2 percent. |
| June 20 | Prime rate reduced to 12 percent. |
| June 24 | Prime rate reduced to 11-1/2 percent. Some conventional mortgage rates fell to 12 percent. |
| June 25 | Carpenters strike in Northern California ended. |
| July 3 | ICC begins trucking industry deregulation. |
| July 21 | Motion picture and television industry strike. |
| July 22 | Prime rate reduced to 11 percent. |
| July 25 | Prime rate reduced to 10-3/4 percent. |

### 1980--Continued

| | |
|---|---|
| July 28 | Discount rate reduced to 10 percent. |
| August 5 | Prime rate raised to 11 percent. |
| August 27 | Prime rate raised to 11-1/2 percent. |
| September 5 | FHA mortgage interest rate raised from 11-1/2 to 12 percent. |
| September 12 | California morgage rate raised from 13-1/2 percent to 13-3/4 percent. |
| September 25 | Pacific Southwest Airlines (PSA) pilots strike begins. |
| September 26 | Discount rate raised from 10 to 11 percent. Prime rate raised from 12-1/2 percent to 12-3/4 percent. |
| October 2 | Prime raised from 13 to 13-1/2 percent. |
| October 3 | Prime raised to 14 percent. |
| October 15 | AFTA workers return to work. |
| October 23 | Screen Actors Guild strike ends. |
| October 30 | Prime raised from 14 to 14-1/2 percent. |
| November 7 | Prime raised from 14-1/2 to 15-1/2 percent. |
| November 14 | PSA pilots strike ends. |
| November 17 | Prime raised to 16 1/4 percent. Discount rate raised from 11 to 12 percent and surcharge imposed. |
| November 21 | Prime raised to 17 percent. |
| November 28 | Prime raised to 17-3/4 percent. |
| December 3 | Prime raised from 17-3/4 to 18-1/2 percent. |
| December 5 | Discount rate raised from 12 to 13 percent. Prime raised to 19 percent. |
| December 11 | Prime raised to 20 percent. |
| December 17 | Prime raised from 20 to 21 percent. |
| December 23 | Prime lowered from 21 to 20-1/2 percent. |

### 1981

| | |
|---|---|
| January 1 | Minimum wage raised from $3.10 to $3.35. |
| January 6 | Prime lowered to 20 percent. |
| January 20 | American hostages released from Iran. |
| January 20 | Ronald Reagan inaugurated as 40th President of the U.S. |
| January 28 | Deregulation of oil and gas industry announced, effective immediately. |
| January 29 | Prime rate lowered to 19-1/2 percent from 20 percent. |
| February 16 | General Motors and Ford rebate plans announced. |
| February 23 | Prime rate lowered to 18 percent. |
| March 2 | Prime rate lowered to 18-1/2 percent. |
| March 10 | Prime rate lowered to 18 percent. |
| March 16 | Prime rate lowered to 17-1/2 percent. |
| March 18 | Prime rate lowered to 17 percent. |
| March 26 | United mine workers strike. |
| April 13 | Prime rate raised to 17-1/2 percent. |
| April 29 | Prime rate raised to 18 percent. |
| May 4 | Prime rate raised to 19 percent. |
| May 5 | Discount rate raised from 13 percent to 14 percent. |
| May 8 | FHA-VA rate up to 15-1/2 percent from 14-1/2 percent. |
| May 11 | Prime rate raised to 19-1/2 percent. |
| May 22 | Prime rate raised to 20 percent. |
| May 27 | OPEC fails to agree on a uniform price schedule. OPEC officials freeze prices at current level. |
| June 5 | Dollar reaches highest level in international trading since December 1971. |

| | 1981--(Continued) |
|---|---|
| June 8 | Coal miners end 72 day strike and ratify a 40-month contract. |
| July 8 | Prime rate raised to 20-1/2 percent. |
| August 3 | Air traffic controller's strike. |
| August 14 | President Reagan signs both the tax- and budget-cut bills into law. |
| August 18 | FHA-VA rate up to 16-1/2 percent from 15-1/2 percent. |
| September 1 | Prime rate lowered to 20 percent. |
| September 21 | Prime rate lowered to 19-1/2 percent. |
| September 22 | Fed surcharge cut to 3 percent from 4 percent. |
| October 6 | Prime rate lowered to 19 percent. |
| | Egyptian President Sadat assassinated. |
| October 13 | Prime rate lowered to 18 percent. |
| October 30 | OPEC price set at $34.00/barrel--the Saudi benchmark. |
| November 1 | Passbook interest rate raised 1/2 percent to 5-3/4 percent. |
| November 2 | Fed discount rate cut from 14 percent to 13 percent. |
| | Prime rate lowered to 17-1/2 percent. |
| November 10 | Prime rate lowered to 17 percent. |
| November 13 | Prime rate lowered to 16-1/2 percent. |
| | FHA mortgage rate lowered to 15-1/2 percent. |
| November 16 | Prime rate lowered to 16 percent. |
| November 17 | Fed eliminates 2 percent surcharge. Discount rate unaffected. |
| December 1 | Prime rate lowered to 15-1/2 percent. |
| December 4 | Fed discount rate lowered from 13 percent to 12 percent. |

| | 1981--(Continued) |
|---|---|
| December 12 | Martial law imposed in Poland. |
| | 1982 |
| January 22 | Federal funds rate raised to 13-1/2 percent. |
| January 25 | FHA mortgage rate increased from 15-1/2 percent to 16-1/2 percent. |
| January 27 | Federal funds rate raised to 13-3/4 percent. |
| February 2 | Prime rate raised to 16-1/2 percent by Citibank and Crocker. |
| February 18 | Prime rate increased to 17 percent. |
| February 24 | Prime rate cut back to 16-1/2 percent. |
| March 1 | Ford-UAW Pact ratified. Workers give up two weeks of paid time off and annual 3 percent raises. |
| March 8 | Prime rate lowered to 16 percent. |
| March 16 | Prime rate back up to 16-1/2 percent. |
| April 1 | OPEC cuts production to 17.5 million barrels from current 18.2. Saudi bench mark set at $34/barrels. |
| April 5 | Unemployment rate nationally hits 9.0 percent tying the post-WW II high in May 1975. |
| April 12 | General Motor and United Auto Workers labor agreement approved. |
| April 26 | The U.S. consumer price index declined 0.3 percent--the first decline in 17 years and the largest drop in nearly a quarter of a century. |
| May 7 | U.S. unemployment rate reaches 9.4 percent for a post-WW II record. |
| May 13 | Braniff Air Lines ceases operation. |
| June 25 | Secretary of State Alexander Haig resigns. |
| June 28 | U.S. Supreme Court rules that federally chartered savings and loan associations cannot be prohibited from enforcing due-on-sale clauses in their mortgage contracts. |

## 1982--Continued

| | |
|---|---|
| July 20 | Discount rate lowered from 12 percent to 11-1/2 percent. Prime rate lowered from 16-1/2 percent to 16 percent. |
| July 27 | Prime rate lowered to 15-1/2 percent. |
| August 2 | Discount rate lowered to 11 percent. Prime rate lowered to 15 percent. |
| August 9 | Unemployment rate reached 9.8 percent in July--the highest level since a 9.9 percent rate in 1941. |
| August 16 | Discount rate cut from 11 percent to 10-1/2 percent. Most major banks lower their prime lending rates to 14-1/2 percent. |
| August 18 | Dow Jones Industrial Average rose 38.81 points--an all-time record. |
| August 19 | The stock market trading soared to a record 132,690,000 shares. |
| August 27 | Discount rate lowered to 10 percent. Prime rate lowered to 13.5 percent. |
| September 19 | National Football League players strike began. |
| | Railroad strike involving locomotive engineers began. |
| September 23 | Railroad strike ends. |
| September 24 | FHA mortgage loan rate lowered from 14 percent to 13.5 percent. |
| October 7 | Prime rate lowered to 13 percent. |
| October 12 | Discount rate lowered from 10 percent to 9-1/2 percent. |
| October 15 | Prime rate lowered to 12 percent. |
| November 1 | General Motors reduces auto financing interest rate from 18.0 percent to 10.9 percent. |
| November 22 | Discount rate cut from 9-1/2 percent to 9 percent. |
| November 23 | Prime rate lowered from 12 percent to 11-1/2 percent. |

## 1982 (Continued)

| | |
|---|---|
| December 13 | Discount rate cut to 8-1/2 percent. |
| December 14 | Introduction of money market deposit accounts by banks and S&Ls. |

## 1983

| | |
|---|---|
| January 5 | Super NOW accounts introducted. |
| January 11 | Prime rate lowered to 11 percent. |
| January 31 | Independent truckers strike begins. |
| February 10 | Independent truckers strike end. |
| February 15 | Toyota/GM agreement to build a small car in late 1984. |
| February 25 | Prime rate lowered to 10-1/2 percent. |
| March 14 | OPEC sets $29 per barrel benchmark price and production quota of 17.5 million barrels. |
| May 2 | A 6.5 magnitude earthquake strikes the town of Coalinga. |
| June 8 | The maximum rate on government-backed mortgages was raised from 11-1/2 percent to 12 percent. |
| June 18 | Paul Volcker reappointed as Federal Reserve Board Chairman. |
| June 24 | The Federal Budget deficit totalled a record $29.29 billion in May. |
| July 7 | The maximum rate on government-backed mortgages was raised from 12 percent to 12-1/2 percent. |
| July 13 | Chrysler Corporation announced it will repay the remaining $800 million in federally guaranteed loans by September, seven years before they are due. |
| July 25 | The Washington Public Power Supply System defaulted on $2.25 billion in bonds, creating the largest municipal default in U.S. history. |

### 1983 (Continued)

| | |
|---|---|
| August 1 | California's $1.2 billion offering of revenue-anticipation notes, the State's largest note issue, drew strong investor interest. Notes totalling $700 million, maturing next April and June, were oversubscribed. |
| August 2 | The maximum rate on government backed mortgages rose from 12-1/2 percent to 13-1/2 percent. |
| August 7 | The Communications Workers of America and two other unions strike AT&T. |
| August 8 | Prime rate raised from 10-1/2 percent to 11 percent by most major banks. |
| August 23 | The maximum rate on government backed mortgages fell from 13-1/2 percent to 13 percent. |
| August 28 | AT&T strike ends. |
| September 1 | Soviet Union shoots down Korean Airlines Flight 007, New York to Seoul, near the Soviet Island of Salhalin, just north of Japan. |
| November 1 | Maximum rate on VA & FHA mortgages lowered from 13 percent to 12.5 percent. |
| November 3 | Strike against Greyhound Lines Inc. begins. |
| December 1 | FHA mortgage interest rates begin to float. VA rates are still pegged. |
| December 21 | Greyhound strike ends. |

### 1984

| | |
|---|---|
| January 3 | Breakup of AT&T becomes effective. |
| February 2 | Contemporaneous reserve accounting is required by Fed for all but the very small deposit-taking institutions. |
| March 19 | Prime rate raised from 11 percent to 11-1/2 percent. |
| March 20 | Maximum rate on VA loans raised from 12-1/2 to 13 percent. |

### 1984 (Continued)

| | |
|---|---|
| April 4 | Prime rate raised from 11-1/2 percent to 12 percent. |
| April 9 | Discount rate raised from 8-1/2 percent to 9 percent; the first change in 3 years. |
| May 5 | Prime rate raised from 12 percent to 12-1/2 percent. |
| June 26 | Prime rate raised from 12-1/2 percent to 13 percent. |
| September 3 - December 7 | Hotel and restaurant strike - San Francisco. |
| September 15 - October 14 | UAW-General Motors strike. |
| September 28 | Prime rate reduced from 13 percent to 12-3/4 percent. |
| October 16 | Prime rate reduced from 12-3/4 percent to 12-1/2 percent. |
| October 28 | Prime rate reduced from 12-1/2 percent to 12 percent. |
| November 7 | Prime rate reduced from 12 percent to 11-3/4 percent. |
| November 21 | Discount rate reduced from 9 percent to 8-1/2 percent. |
| November 28 | Prime rate reduced from 11-3/4 percent to 11-1/4 percent. |
| December 17 | Prime rate reduced from 11-1/4 percent to 10-3/4 percent. |
| December 24 | Discount rate reduced from 8-1/2 percent to 8 percent. |

### 1985

| | |
|---|---|
| January 1 | Federal price controls removed from approximately half of the natural gas produced in the United States. |
| January 15 | Prime rate reduced from 10-3/4 percent to 10-1/2 percent. |

# SOURCES OF STATISTICAL SERIES

| | |
|---|---|
| Employment Development Department Employment Data and Research | Civilian Employment<br>Unemployment<br>Unemployment rate<br>Nonagricultural employment<br>Manufacturing employment<br>Hours and earnings<br>Nonagricultural placements<br>Initial claims for unemployment insurance<br>Insured unemployment<br>Index for production worker hours |
| Department of Industrial Relations Division of Labor Statistics and Research | California consumer price index |
| Department of Finance | Personal income<br>Wages and salaries<br>Index of leading indicators |
| Department of Motor Vehicles | New auto registrations |
| State Board of Equalization | Taxable sales |
| Security Pacific National Bank | Housing units authorized<br>Valuation of nonresidential construction |
| U.S. Department of Commerce | Retail sales |
| U.S. Bureau of Labor Statistics | Consumer price indices |
| U.S. Department of Defense | Prime defense contracts |
| U.S. Department of Energy | Electricity production |
| California Redwood Association | Lumber production |
| Conservation Committee of California Oil Producers | Petroleum production |
| American Iron and Steel Institute | Steel production |
| U.S. Bureau of Mines | Cement production |
| California Secretary of State | New business incorporations |
| Federal Reserve Bank of San Francisco | Demand deposits<br>Commercial and industrial loans |

## REFERENCE DATES OF UNITED STATES BUSINESS CYCLES, 1854-1982

| Initial Trough | Peak | Terminal Trough | Expansion (months) | Contraction (months) | Total (months) |
|---|---|---|---|---|---|
| Dec. 1854 | June 1857 | Dec. 1858 | 30 | 18 | 48 |
| Dec. 1858 | Oct. 1860 | June 1861 | 22 | 8 | 30 |
| June 1861 | April 1865 | Dec. 1867 | 46 | 32 | 78 |
| Dec. 1867 | June 1869 | Dec. 1870 | 18 | 18 | 36 |
| Dec. 1870 | Oct. 1873 | March 1879 | 34 | 65 | 99 |
| March 1879 | March 1882 | May 1885 | 36 | 38 | 74 |
| May 1885 | March 1887 | April 1888 | 22 | 13 | 35 |
| April 1888 | July 1890 | May 1891 | 27 | 10 | 37 |
| May 1891 | Jan. 1893 | June 1894 | 20 | 17 | 37 |
| June 1894 | Dec. 1895 | June 1897 | 18 | 18 | 36 |
| June 1897 | June 1899 | Dec. 1900 | 24 | 18 | 42 |
| Dec. 1900 | Sept. 1902 | Aug. 1904 | 21 | 23 | 44 |
| Aug. 1904 | May 1907 | June 1908 | 33 | 13 | 46 |
| June 1908 | Jan. 1910 | Jan. 1912 | 19 | 24 | 43 |
| Jan. 1912 | Jan. 1913 | Dec. 1914 | 12 | 23 | 35 |
| Dec. 1914 | Aug. 1918 | March 1919 | 44 | 7 | 51 |
| March 1919 | Jan. 1920 | July 1921 | 10 | 18 | 28 |
| July 1921 | May 1923 | July 1924 | 22 | 14 | 36 |
| July 1924 | Oct. 1926 | Nov. 1927 | 27 | 13 | 40 |
| Nov. 1927 | Aug. 1929 | March 1933 | 21 | 43 | 64 |
| March 1933 | May 1937 | June 1938 | 50 | 13 | 63 |
| June 1938 | Feb. 1945 | Oct. 1945 | 80 | 8 | 88 |
| Oct. 1945 | Nov. 1948 | Oct. 1949 | 37 | 11 | 48 |
| Oct. 1949 | July 1953 | May 1954 | 45 | 10 | 55 |
| May 1954 | Aug. 1957 | April 1958 | 39 | 8 | 47 |
| April 1958 | April 1960 | Feb. 1961 | 24 | 10 | 34 |
| Feb. 1961 | Dec. 1969 | Nov. 1970 | 106 | 11 | 117 |
| Nov. 1970 | Nov. 1973 | March 1975 | 36 | 16 | 52 |
| March 1975 | Jan. 1980 | July 1980 | 58 | 6 | 64 |
| July 1980 | July 1981 | November 1982 | 12 | 16 | 28 |

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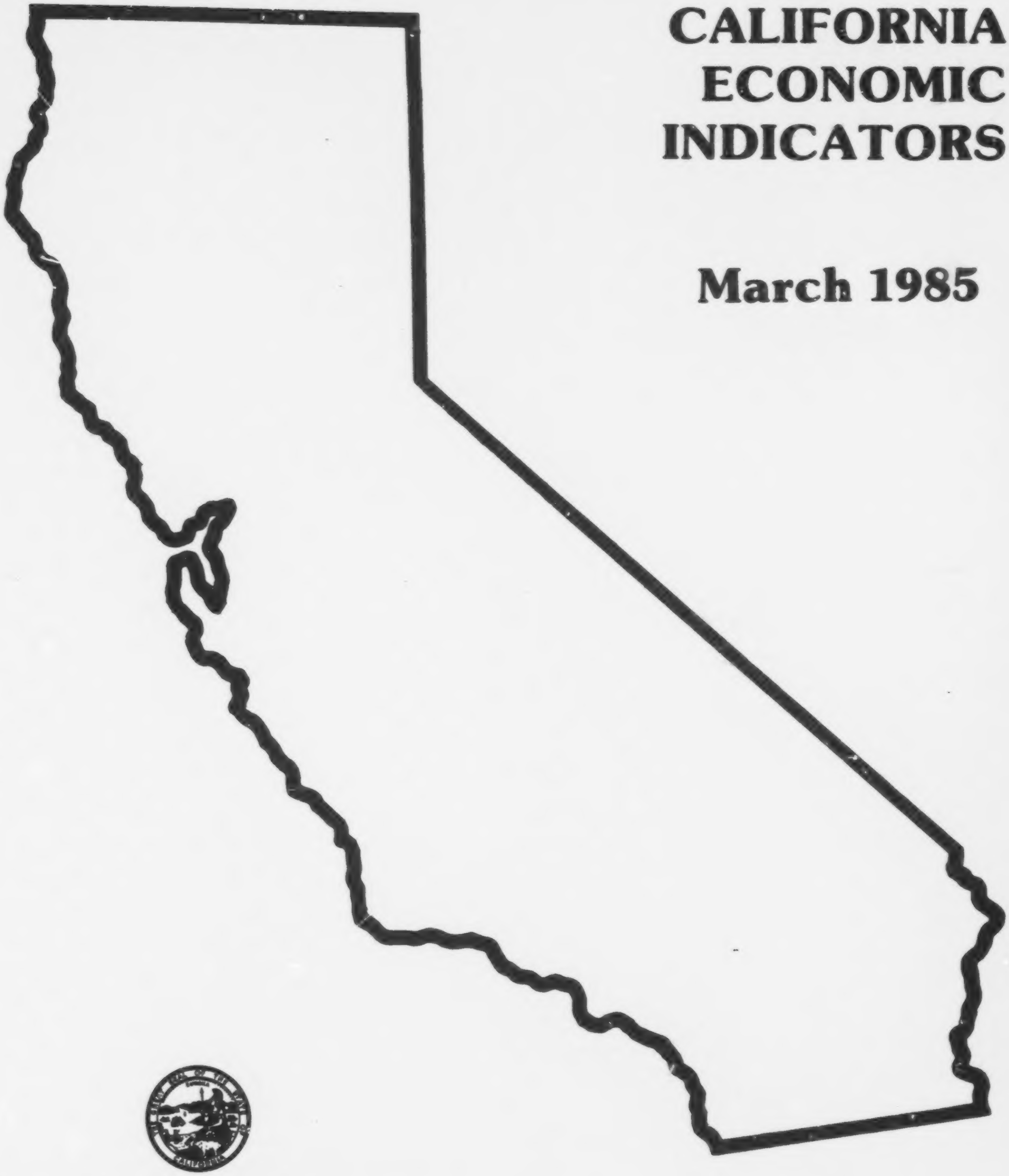
# CALIFORNIA ECONOMIC INDICATORS

## March 1985



DEPARTMENT OF FINANCE

# INTRODUCTION

California Economic Indicators is a bimonthly summary of economic trends and data relating to the State of California. Generally patterned after the U.S. Census Bureau publication Business Conditions Digest, the report contains the following regular features:

- o review of economic developments
- o current California economic data table
- o economic indicator charts
- o basic data for California economic series
- o chronology of major economic events

Developments in California over the most recent months are reviewed in a brief text, and then summarized in a current data table which shows changes over the previous year. Charts containing monthly and quarterly series from 1974 are included to facilitate the review of current developments, and to appraise the significance of the developments on the State economy. Much of the data in the report has been seasonally adjusted by the source agency or the Department of Finance.

Sources are cited on the inside back cover to assist readers in obtaining any additional information on the statistical series published. Finally, reference dates for U.S. business cycles, as determined by the National Bureau of Economic Research, are shown on the back of the publication.

The Department of Finance welcomes suggestions on additions or changes which would make the Indicators a more useful publication. Correspondence should be addressed to State of California, Department of Finance, Financial Research Unit, 1025 P Street, Sacramento, CA 95814.

Subscriptions are $5.00 per year, and begin with the January issue. The subscription price will be prorated throughout the year based upon the beginning subscription date, as shown below:

| Beginning Subscription Date | Prorated Amount due |
|---|---|
| January | $5.00 |
| March | 4.15 |
| May | 3.35 |
| July | 2.50 |
| September | 1.65 |
| November | 0.85 |

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1985 appears to be off to a good start. Employment continues to increase which bodes well for personal income. The unemployment rate has fallen to its lowest level in almost four years. Housing construction has been unexpectedly strong in the first two months. The California Index of Leading Economic Indicators, while not displaying the explosive advances it had early in the expansion, continues to maintain the high levels attained during 1984. This would seem to indicate continued economic expansion but at lower growth rates than in earlier quarters.

Employment continues on a strong uptrend. Between February 1984 and February 1985, civilian employment was up 5.5 percent. This gain, in combination with a more moderate rise in the labor force of 4 percent, led to a substantial drop in the jobless rate.

The statewide unemployment rate fell to 6.7 percent in February--0.6 points below the national rate. There is no doubt but that the jobless situation is improving. Some major metropolitan counties already have jobless rates well below the full employment level. The recent rate of improvement is probably misleading, however. Regional unemployment rates are sometimes subject to sharp fluctuations from one month to the next. This may be due to problems in the seasonal adjustment process, or sampling difficulties. A rise in the rate for March would, therefore, not be surprising.

In terms of nonagricultural wage and salary workers, job increases have been reduced to a more normal--and sustainable--level. The 4.3 percent year-over-year gain in February represented gains in every sector except state and local government. Construction, services, trade and durable manufacturing are particularly strong on a year-over-year basis. The California performance remains significantly better than the national pattern.

Personal income has reflected the employment situation. It is now estimated that income rose to $371.1 billion for 1984, a gain of 11.2 percent from the 1983 level. Trends in personal income have been somewhat erratic over the past year, however. Strong growth in wages and salaries in the first quarter was followed by almost no increase in the second quarter and only a moderate rise in the third quarter. Preliminary estimates for the fourth quarter suggest another moderate gain. The wage and salary totals indicate an average wage gain last year of 4.7 percent, with a wide range of changes from one sector to another.

Other income components continue to rise at a fairly steady pace, however. Interest income was up nearly 16 percent, while, dividends rose by almost 12 percent. Proprietors' income is the one area with conflicting trends. Nonfarm proprietors saw income rise by 22 percent. Farm income appeared to be up even more strongly, but the data are somewhat misleading. The first quarter total was inflated by PIK payments. On a current basis, many farmers continue to experience severe cost pressures which may be holding down income significantly. Transfer payments, reversing many years of strong gains fueled by high inflation, were up less than 4 percent for the year.

For the fourth quarter, personal income amounted to $380.8 billion at a seasonally adjusted annual rate, up 11.1 percent from the year-earlier level.

Price trends remain moderate in the State. The California consumer price index was up 4.9 percent between February 1984 and February 1985. While this was a somewhat greater gain than registered nationally, it still indicates overall restraint. Residential rents were responsible for much of the rise. This component was up more than 8 percent on a year-over-year basis in each of the three areas surveyed in California. On the other hand, the transportation index has been moving lower, reflecting declines in gasoline prices and moderation in car prices. Changes in food costs and apparel have also been restrained. Perhaps the most notable achievement is in medical care. The double-digit increases of earlier years have been replaced with rates in the 3 to 7 percent range.

The performance of rents is particularly interesting. Two years ago the CPI was changed to eliminate housing prices and mortgage rates and substitute in their stead a rental factor. The house price and financing factors had been responsible for the exceptional gains in the CPI for several years, and had been increasingly criticized as an unrealistic measure of inflation for the average consumer.

Over the two years since the change was made, housing prices have moderated sharply, and mortgage rates have fallen dramatically. Rents, on the other hand, have seen an accelerated increase. The CPI is, therefore, being driven higher by the rental factor than it would have by the old price and financing items.

Construction activity continues to show remarkable strength. The past year saw 218,000 housing units authorized--a gain of 30 percent from the 1983 level. The first two months of 1985 have apparently started out on a strong uptrend, with authorizations averaging nearly 250,000. These data suggest that California is continuing far stronger than the rest of the nation depsite the recent uptrend in interest rates. Much of the strength is due to high activity in multiple, or apartment units, and may be in anticipation of possible changes in Federal tax laws limiting depreciation rates for multi-family units.

Housing activity should continue to be supported by the situation at the state's savings and loan associations. S&Ls in California remain in good financial condition overall. Net new savings remain positive, although at a lower pace than during the past two years when the inflow situation was improving sharply. The cost of funds for the associations has edged lower in recent months. Adequate funding should, therefore, be available for anticipated home building.

Nonresidential construction data are available only through the end of last year. They indicate a strong finish to 1984. Commercial building was supported primarily by activity in the office, bank and professional category, which was up 18 percent for the year. Industrial building rose 54 percent. These permits should insure a sustained pace of activity through 1985.

Retail sales ended 1984 on a more restrained note than anticipated. The December-December increase was only 3 percent. This may reflect in large part a slight drop in auto sales. New car registrations--a proxy for car sales--were down slightly in December. A second factor is the extensive price cutting which took place trowards the end of the year in the attempt to bring inventories under control.

A work of caution is in order for users of economic data for the first part of 1985. Economic data for the winter months is often subject to unusual seasonal patterns which are not adequately accounted for by seasonal factors. The apparent softness in some sectors--for instance, retail sales and manufacturing employment--may be overstated. Similarly, the unexpected strength in housing may be attributable to the unusually good weather experienced around the State in January and February. If so, activity may well return to more normal levels in coming months.

PERSONAL INCOME
(In millions of dollars)

| | 4th Quarter | | Percent |
|---|---|---|---|
| | 1983 | 1984 | Change |
| Total Personal Income | 342,793 | 380,778 | 11.1 |
| Wages and Salaries | 210,388 | 232,301 | 10.4 |
| Other Labor Income | 21,214 | 23,940 | 12.9 |
| Proprietor's Income | 13,994 | 16,478 | 17.8 |
| Farm | 1,882 | 2,198 | 16.8 |
| Nonfarm | 12,112 | 14,280 | 17.9 |
| Property Income | 66,314 | 76,632 | 15.6 |
| Dividends | 8,195 | 9,027 | 10.2 |
| Interest | 48,003 | 56,918 | 18.6 |
| Rent | 10,116 | 10,687 | 5.6 |
| Transfer Payments | 46,318 | 48,778 | 5.3 |
| Less: Contributions for Social Insurance | 15,560 | 17,481 | 12.3 |
| Plus: Residence Adjustment | 125 | 130 | 4.0 |

Source: California Department of Finance.

## CURRENT CALIFORNIA ECONOMIC DATA

| | 1984-85 | | | | 1984 | | Percent Change Feb. 1984-Feb. 1985 |
|---|---|---|---|---|---|---|---|
| | February | January | December | November | February | January | |
| Employment[a] | | | | | | | |
| Civilian employment (000) | 11,950 | 11,886 | 11,784 | 11,686 | 11,331 | 11,295 | 5.5 |
| Unemployment (000) | 853 | 930 | 901 | 923 | 985 | 1,032 | 13.4 |
| Unemployment rate | 6.7 | 7.3 | 7.1 | 7.3 | 8.0 | 8.4 | -- |
| Nonagricultural wage and salary employment[b] (000) | 10,846.4 | 10,821.9 | 10,746.6 | 10,735.6 | 10,396.9 | 10,339.2 | 4.3 |
| Mining | 51.0 | 51.1 | 50.7 | 50.7 | 49.5 | 49.2 | 3.0 |
| Construction | 466.8 | 469.0 | 451.4 | 455.2 | 430.2 | 425.6 | 8.5 |
| Manufacturing | 2,100.1 | 2,105.1 | 2,099.0 | 2,088.7 | 2,027.7 | 2,013.9 | 3.6 |
| Aerospace[c] | 736.5 | 736.4 | 738.3 | 732.5 | 693.9 | 684.3 | 6.1 |
| Transportation and public utilities | 567.1 | 564.2 | 563.1 | 561.2 | 543.9 | 545.0 | 4.3 |
| Trade | 2,605.0 | 2,590.2 | 2,564.4 | 2,560.4 | 2,468.5 | 2,451.1 | 5.5 |
| Finance, insurance, and real estate | 699.3 | 698.5 | 698.5 | 697.8 | 685.8 | 682.4 | 2.0 |
| Services | 2,623.1 | 2,613.3 | 2,595.4 | 2,593.5 | 2,466.1 | 2,448.9 | 6.4 |
| Government | 1,734.0 | 1,730.5 | 1,724.1 | 1,728.1 | 1,725.2 | 1,723.1 | 0.5 |
| Federal | 338.8 | 337.3 | 333.9 | 333.9 | 330.4 | 331.0 | 2.5 |
| State and local | 1,395.2 | 1,393.2 | 1,390.2 | 1,394.2 | 1,394.8 | 1,392.1 | 0.0 |
| Hours and Earnings, Manufacturing | | | | | | | |
| Average weekly hours | 39.8 | 40.0 | 41.1 | 40.4 | 40.1 | 40.2 | -0.7 |
| Average weekly earnings | $397.20 | $399.60 | $410.18 | $399.96 | $385.36 | $386.72 | 3.1 |
| Average hourly earnings | $9.98 | $9.99 | $9.98 | $9.90 | $9.61 | $9.62 | 3.9 |
| Index of Leading Indicators | n.a. | 137.4 | 137.4 | 137.6 | 138.2 | 138.5 | -- |
| Trade[a] | | | | | | | |
| Retail sales (millions) | n.a. | n.a. | $13,016 | $13,226 | $12,935 | $12,453 | -- |
| New auto registrations (number) | n.a. | n.a. | 95,315 | 101,104 | 108,853 | 95,930 | -- |
| New Incorporations (number)[a] | 5,062 | 4,938 | 4,993 | 4,921 | 5,473 | 5,204 | -7.5 |
| Consumer Price Index, all items[d] | | | | | | | |
| California average (1967=100) | 322.9 | -- | 320.1 | -- | 307.8 | -- | 4.9 |
| San Francisco (1967=100) | 328.7 | -- | 325.8 | -- | 311.7 | -- | 5.5 |
| Los Angeles (1967=100) | 314.1 | 313.0 | 311.1 | 311.8 | 300.2 | 299.1 | 4.6 |
| San Diego (1967=100) | -- | 364.1 | -- | 363.7 | -- | 346.2 | -- |
| Production | | | | | | | |
| Petroleum (000 barrels daily) | n.a. | n.a. | 1,129.0 | 1,144.8 | 1,112.8 | 1,112.7 | -- |
| Portland cement (000 short tons) | n.a. | 711.0 | 517.1 | 672.2 | 683.3 | 659.2 | -- |
| Raw steel (000 net tons) | 28.5 | 29.3 | 24.8 | 27.0 | 34.0 | 32.5 | -16.2 |
| Selected redwood mill production (mil. FBM) | n.a. | 71.9 | 49.5 | 54.5 | 64.42 | 62.11 | -- |
| Construction[a] | | | | | | | |
| Private residential housing units authorized, SAAR (000) | n.a. | n.a. | 177.6 | 256.9 | 250.9 | 235.8 | -- |
| Nonresidential building authorized, valuation (millions) | n.a. | n.a. | $948.4 | 1,205.8 | $898.3 | $939.8 | -- |

---

[a] Adjusted for seasonal variation.

[b] Interim series of wage and salary workers. This unofficial series is adjusted for the latest tabulations of unemployment insurance coverage and approximates what the official data will be when estimates are updated at year end

[c] The Interim Series does not give a breakdown for aerospace employment. These values are from the EDD official employment series, and are not seasonally adjusted.

[d] All urban series. New basis since January 1983.

n.a. Not available

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# ECONOMIC INDICATOR CHARTS

Series classification as leading or coincident indicators generally follows that established by the National Bureau of Economic Research. The exceptions to this are production worker man-hours, insured unemployment, manufacturing employment, and taxable sales. These series are discussed in the technical note below.

Data are plotted either monthly or quarterly. The Arabic numeral in the right hand corner of each graph indicates the latest month or quarter for which the data are plotted (e.g.: 1 = January or first quarter). The basic data tables indicate the frequency of each of the series plotted.

## TECHNICAL NOTE

Whenever appropriate, data used in the charts have been seasonally adjusted. The series on average weekly hours of production workers in manufacturing and production worker man-hours are adjusted by the Bureau of Labor Statistics method. Other series have been adjusted by the Bureau of the Census (Shiskin) method. Persons interested in a detailed description of these methods are referred to the U.S. Department of Labor, Bureau of Labor Statistics, the BLS Seasonal Factor Method (1964); and the U.S. Department of Commerce, Bureau of the Census, Technical Paper No. 15, The X-11 Variant of the Census Method II, Seasonal Adjustment Program (November 1965.)

Under the Census Bureau seasonal method, the addition of new data points changes historical seasonal factors. To avoid monthly data changes in the California Economic Indicators it is necessary to "freeze" the seasonally adjusted data through the past year and manually compute current year values from the projected seasonal factors. Thus historical revisions will be incorporated annually.

### Production Worker Man-Hours

This series is a substitute for the man-hours in nonagricultural establishments series used in the Census Bureau's publication, Business Cycle Developments. It is the cross product of average weekly hours of production workers in manufacturing and manufacturing employment. Workweek data are a leading indicator. Manufacturing employment appears to be a coincident indicator, although at times it seems to lead economic downturns. Because of this, the man-hours series has been classified in the present publication as a leading indicator.

### Insured Unemployment

The series on total insured unemployment is being used rather than the insured unemployment rate included in the Census Bureau's indicator list. The insured rate is available only with a lag of nine months, which precludes its usefulness as a current indicator.

### Manufacturing Employment

This series is also an addition to the Census Bureau indicator list. It was used here because it appears to show cyclical fluctuations clearly and extends the limited number of series presently available for the State.

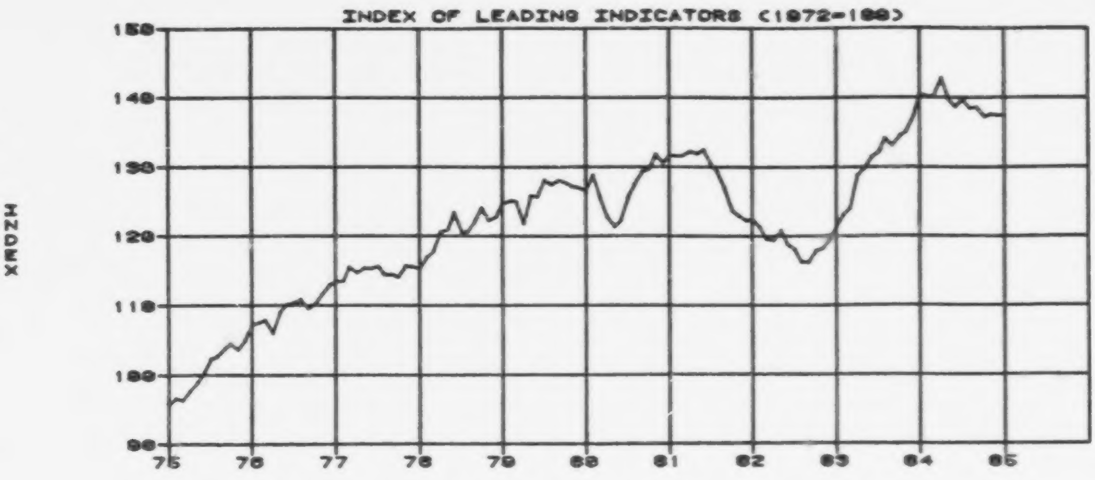
### Taxable Sales

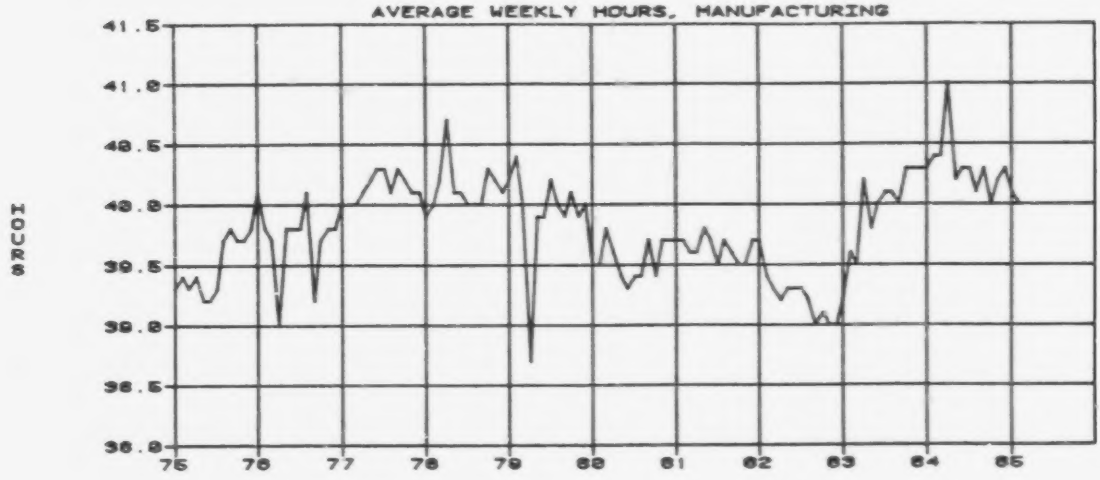
Taxable sales are used here as a proxy for retail trade. Data on the latter are not available for California prior to 1964. The taxable series includes sales by both retail and wholesale establishments, and is therefore a broad indicator of business activity. It has been classified as a coincident indicator on the basis of fluctuations in the series since 1950.

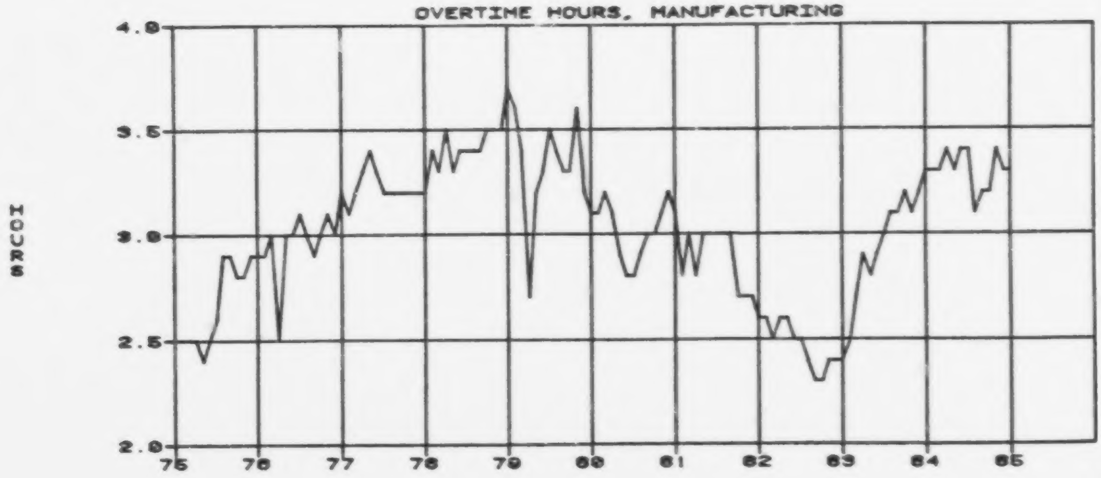
The other indicators shown are for general interest only. They are not directly related to the cyclical indicator series, but will be of interest to persons looking at overall economic developments.

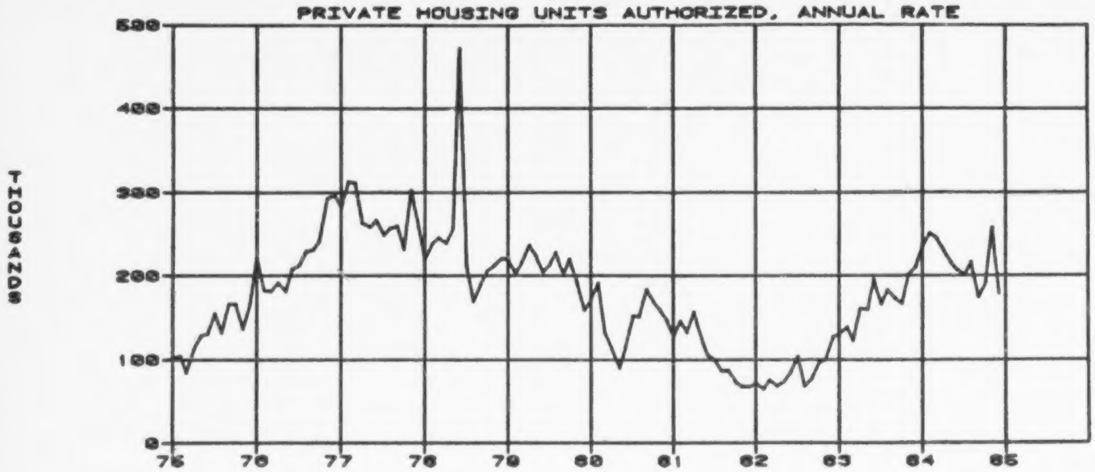
### Standard Abbreviations

| | | | |
|---|---|---|---|
| n.a. | Not available | p | Preliminary |
| e | Estimate | r | Revised |


INDEX OF LEADING INDICATORS (1972=100)
INDEX
150
140
130
120
110
100
90
75
76
77
78
79
80
81
82
83
84
85


AVERAGE WEEKLY HOURS, MANUFACTURING
HOURS
41.5
41.0
40.5
40.0
39.5
39.0
38.5
38.0
75
76
77
78
79
80
81
82
83
84
85


OVERTIME HOURS, MANUFACTURING
HOURS
4.0
3.5
3.0
2.5
2.0
75
76
77
78
79
80
81
82
83
84
85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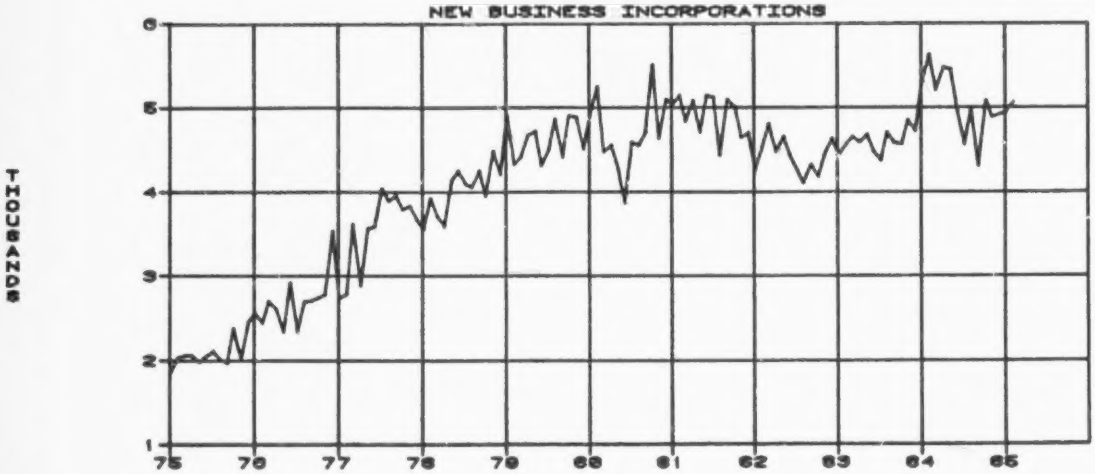
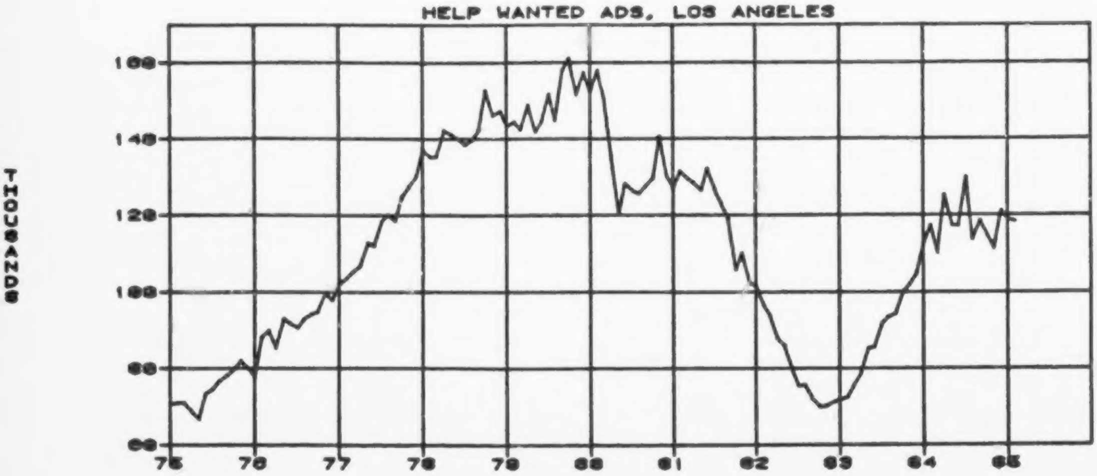
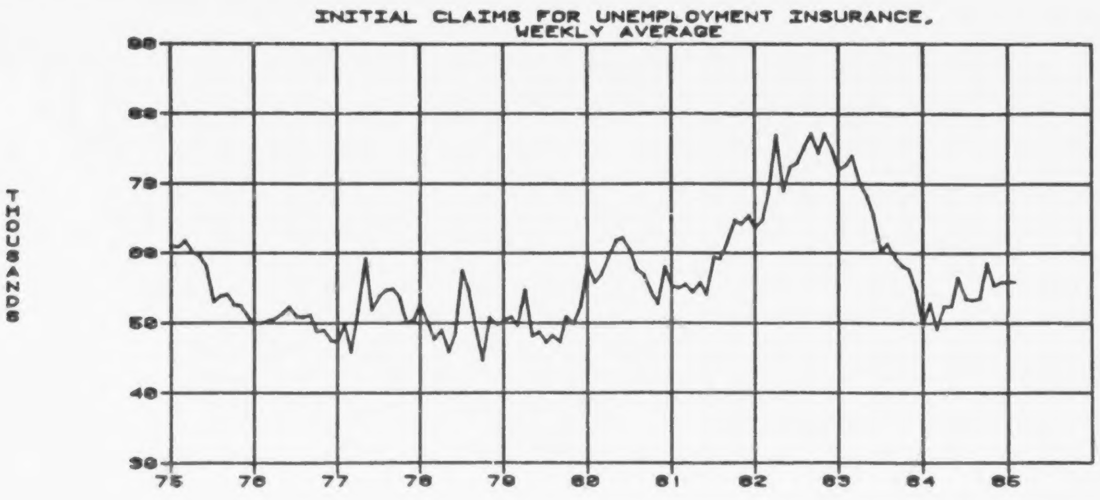
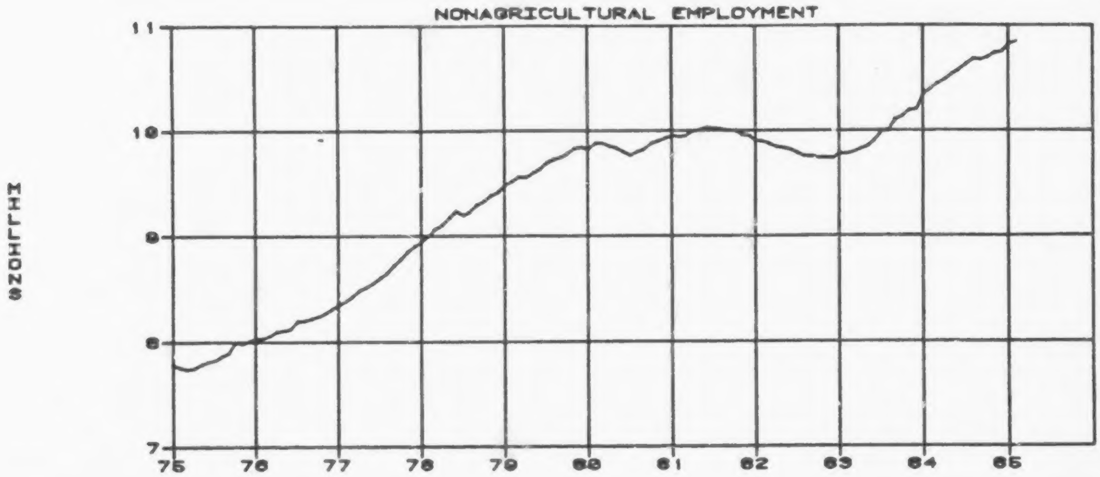
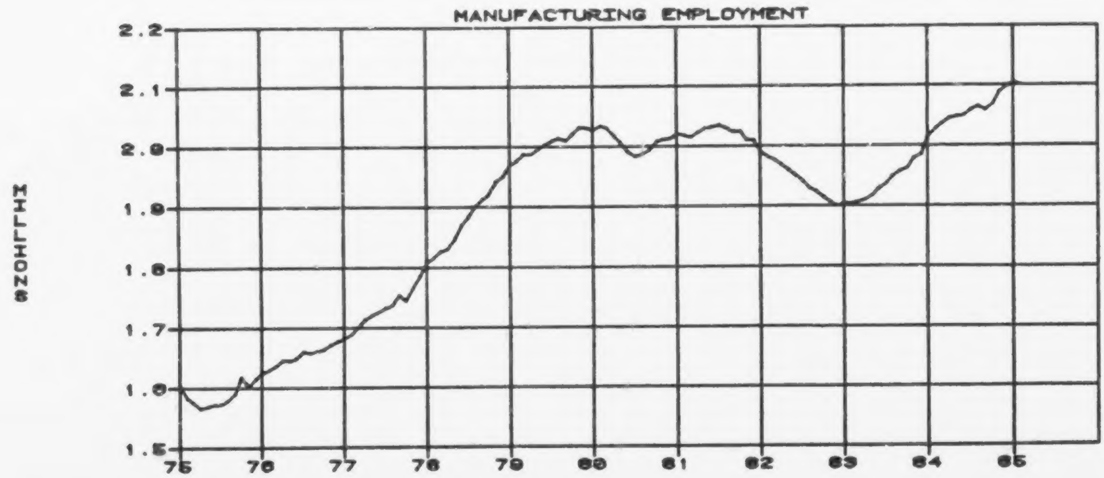

NEW BUSINESS INCORPORATIONS

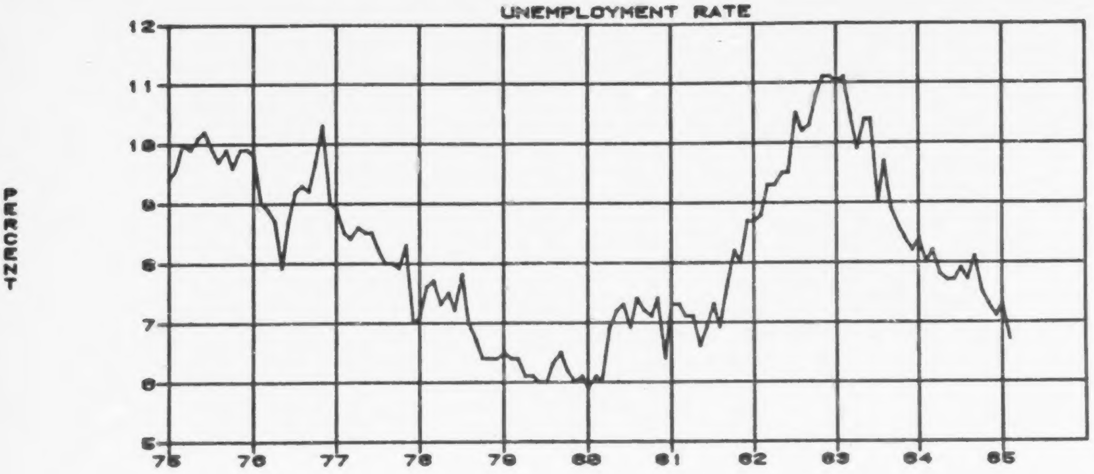

HELP WANTED ADS, LOS ANGELES


INITIAL CLAIMS FOR UNEMPLOYMENT INSURANCE, WEEKLY AVERAGE

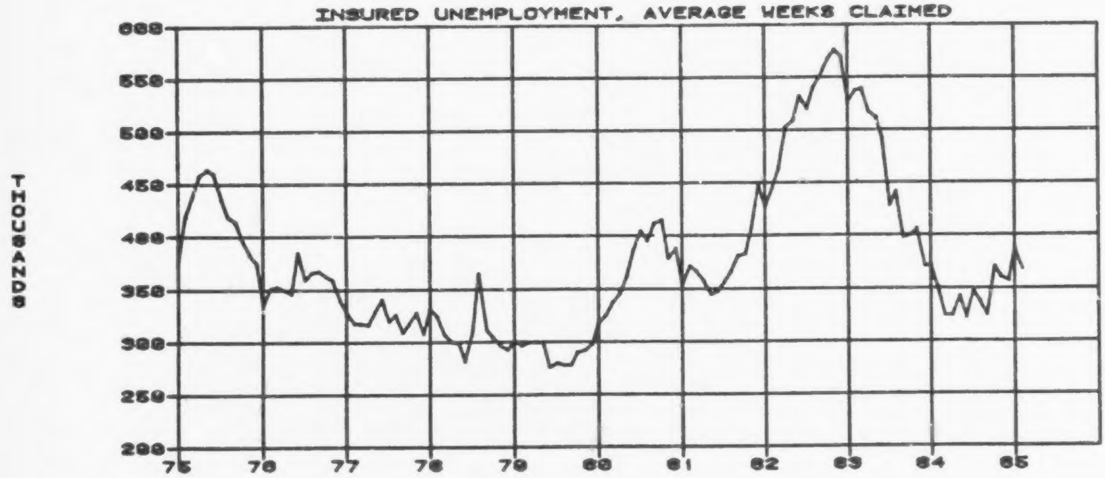

NONAGRICULTURAL EMPLOYMENT


MANUFACTURING EMPLOYMENT

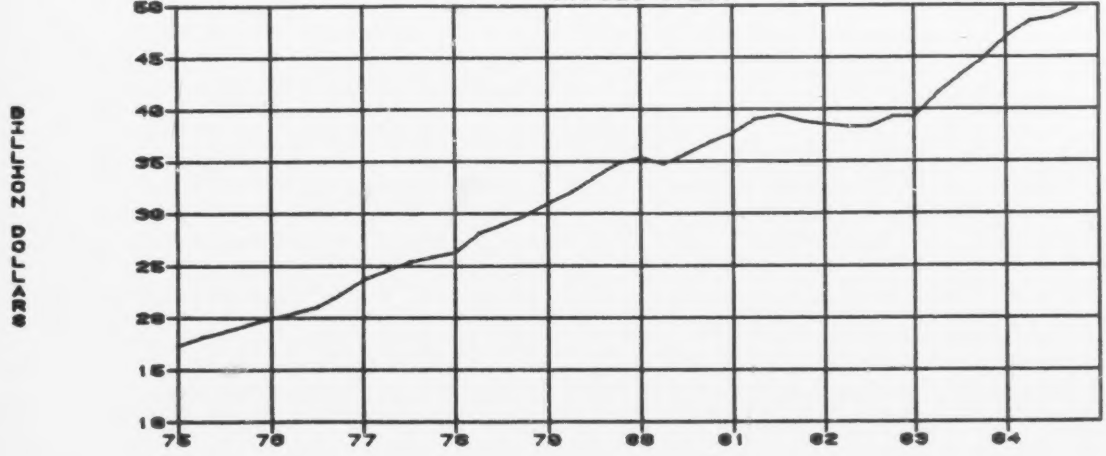
UNEMPLOYMENT RATE

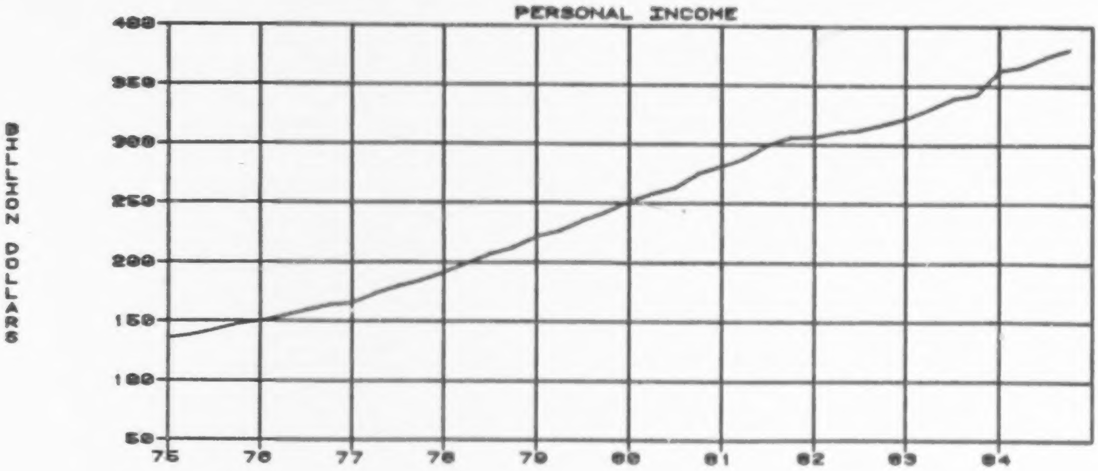


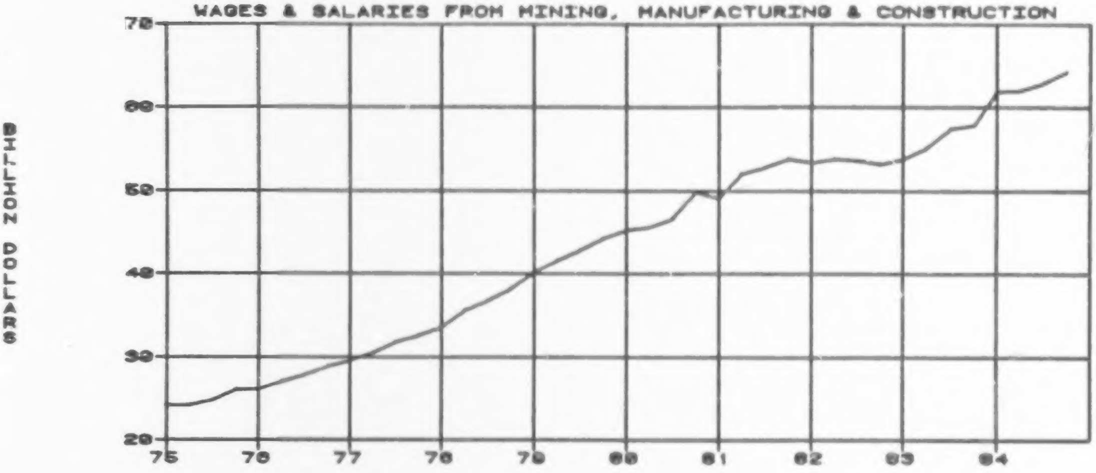
INSURED UNEMPLOYMENT, AVERAGE WEEKS CLAIMED

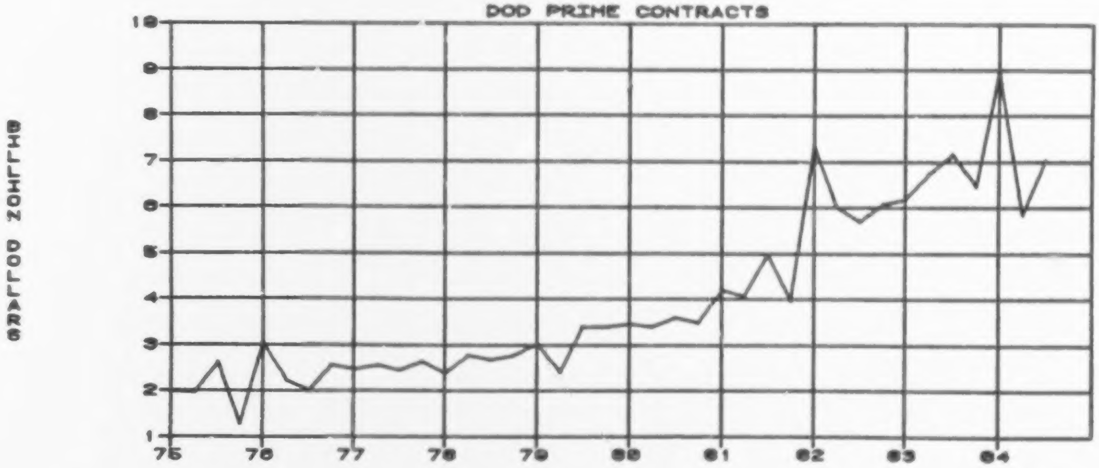


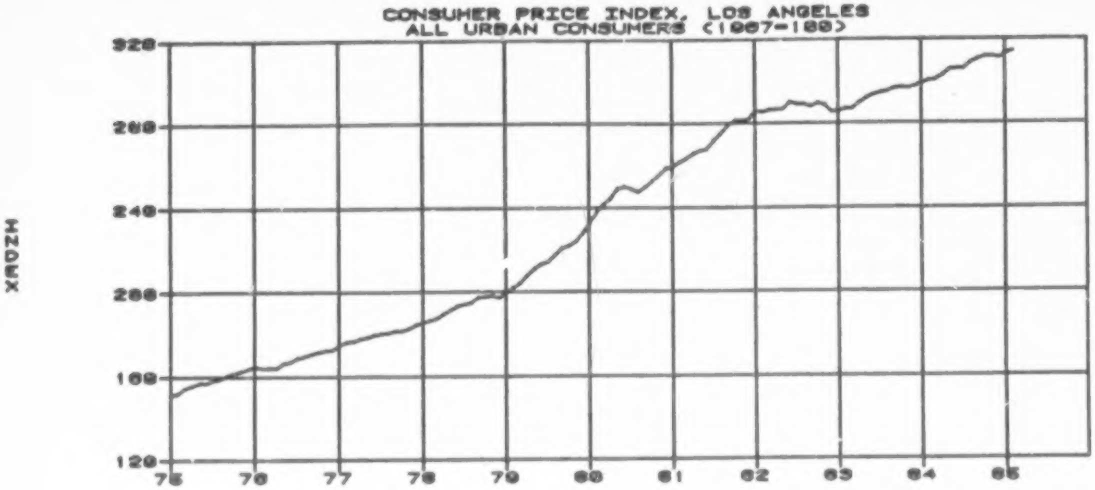
TAXABLE SALES

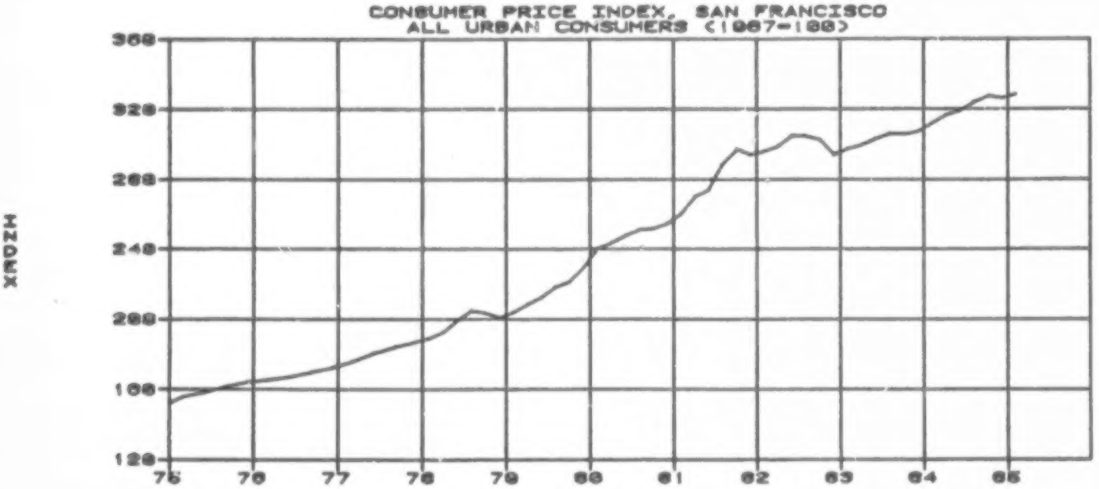


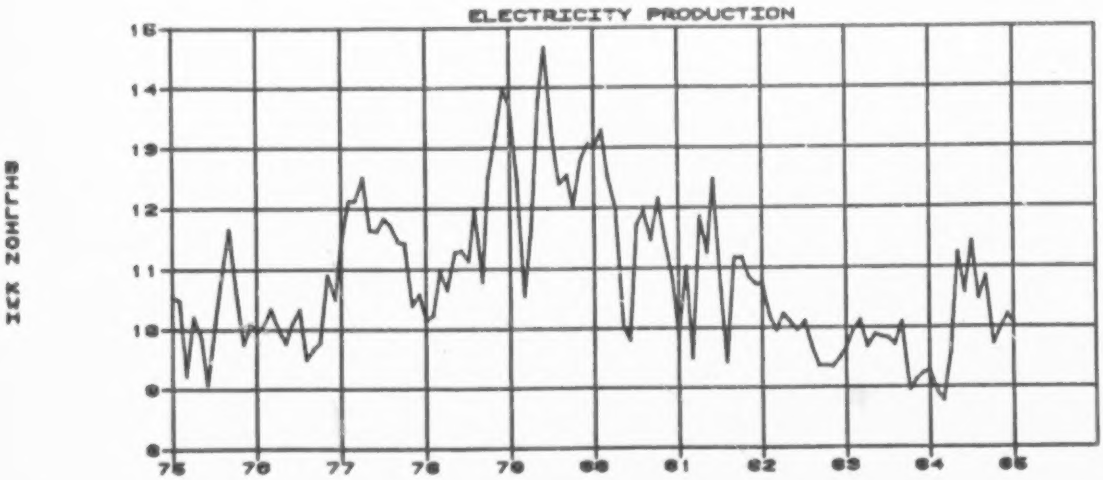

PERSONAL INCOME
BILLION DOLLARS
400
350
300
250
200
150
100
50
75
76
77
78
79
80
81
82
83
84


WAGES & SALARIES FROM MINING, MANUFACTURING & CONSTRUCTION
BILLION DOLLARS
70
60
50
40
30
20
75
76
77
78
79
80
81
82
83
84


DOD PRIME CONTRACTS
BILLION DOLLARS
10
9
8
7
6
5
4
3
2
1
75
76
77
78
79
80
81
82
83
84


CONSUMER PRICE INDEX, LOS ANGELES
ALL URBAN CONSUMERS (1967=100)
INDEX
320
280
240
200
160
120
75
76
77
78
79
80
81
82
83
84
85


CONSUMER PRICE INDEX, SAN FRANCISCO
ALL URBAN CONSUMERS (1967=100)
INDEX
360
320
280
240
200
160
120
75
76
77
78
79
80
81
82
83
84
85


ELECTRICITY PRODUCTION
15
14
13
12
11
10
9
8
75
76
77
78
79
80
81
82
83
84
85

## BASIC DATA FOR CALIFORNIA ECONOMIC SERIES
(Seasonally Adjusted Except as Noted)

| | Leading Indicators | | | | | | |
|---|---|---|---|---|---|---|---|
| Year and Month | Index of Leading Indicators (1972=100) | Average Weekly Hours, Manufacturing | Help Wanted Ads--Los Angeles Area (thousands) | Initial Claims for Unemployment Insurance Weekly Avg. (thousands) | Overtime Hours Manufacturing | Total Housing Units Authorized (thousands) | New Business Incorporations |
| 1981 | | | | | | | |
| January | 129.8 | 39.7 | 127.1 | 55.8 | 3.2 | 128.8 | 4,972 |
| February | 129.7 | 39.7 | 131.1 | 55.0 | 2.8 | 148.2 | 5,084 |
| March | 130.0 | 39.6 | 129.7 | 55.8 | 3.0 | 130.9 | 4,842 |
| April | 130.3 | 39.6 | 128.4 | 54.4 | 2.7 | 158.5 | 5,037 |
| May | 129.9 | 39.8 | 126.0 | 55.8 | 3.0 | 131.0 | 4,662 |
| June | 130.4 | 39.7 | 131.9 | 54.0 | 3.0 | 109.5 | 5,139 |
| July | 128.5 | 39.5 | 126.4 | 59.5 | 3.0 | 96.2 | 5,153 |
| August | 127.6 | 39.7 | 123.3 | 59.2 | 3.0 | 86.3 | 4,451 |
| September | 125.7 | 39.6 | 119.4 | 61.7 | 3.0 | 83.6 | 5,126 |
| October | 122.3 | 39.5 | 106.5 | 64.4 | 2.7 | 68.1 | 5,033 |
| November | 122.3 | 39.5 | 110.7 | 63.6 | 2.7 | 64.5 | 4,674 |
| December | 121.8 | 39.7 | 102.6 | 64.9 | 2.7 | 67.7 | 4,730 |
| 1982 | | | | | | | |
| January | 121.2 | 39.7 | 101.2 | 64.5 | 2.6 | 72.4 | 4,184 |
| February | 119.9 | 39.4 | 95.7 | 64.8 | 2.6 | 66.0 | 4,438 |
| March | 118.8 | 39.3 | 93.5 | 69.1 | 2.5 | 74.3 | 4,794 |
| April | 118.1 | 39.2 | 87.6 | 76.8 | 2.5 | 70.3 | 4,407 |
| May | 119.4 | 39.3 | 85.3 | 69.1 | 2.6 | 78.1 | 4,575 |
| June | 117.4 | 39.3 | 80.1 | 72.3 | 2.5 | 90.9 | 4,445 |
| July | 117.0 | 39.3 | 75.2 | 73.2 | 2.4 | 101.0 | 4,312 |
| August | 115.2 | 39.2 | 75.8 | 74.9 | 2.4 | 68.5 | 4,128 |
| September | 115.6 | 39.0 | 72.3 | 76.9 | 2.3 | 73.4 | 4,358 |
| October | 117.0 | 39.1 | 70.7 | 73.4 | 2.4 | 88.7 | 4,200 |
| November | 117.9 | 39.0 | 70.8 | 76.2 | 2.4 | 93.4 | 4,498 |
| December | 119.1 | 39.0 | 71.6 | 73.8 | 2.4 | 127.5 | 4,674 |
| 1983 | | | | | | | |
| January | 120.2 | 39.2 | 71.7 | 73.8 | 2.4 | 130.9 | 4,375 |
| February | 122.2 | 39.6 | 71.9 | 72.7 | 2.5 | 141.7 | 4,444 |
| March | 123.4 | 39.5 | 75.4 | 74.5 | 2.7 | 116.9 | 4,619 |
| April | 127.7 | 40.1 | 78.6 | 70.0 | 2.8 | 160.1 | 4,486 |
| May | 128.3 | 39.8 | 84.4 | 68.2 | 2.8 | 167.1 | 4,548 |
| June | 129.7 | 39.9 | 85.4 | 65.5 | 2.9 | 208.4 | 4,496 |
| July | 130.9 | 40.0 | 91.2 | 60.4 | 2.9 | 157.3 | 4,491 |
| August | 131.9 | 40.1 | 93.6 | 61.2 | 3.1 | 174.6 | 4,732 |
| September | 132.4 | 40.0 | 94.6 | 59.0 | 3.1 | 158.9 | 4,633 |
| October | 133.7 | 40.3 | 101.3 | 57.4 | 3.3 | 145.8 | 4,602 |
| November | 134.1 | 40.3 | 103.1 | 56.8 | 3.1 | 186.3 | 4,901 |
| December | 135.4 | 40.2 | 105.6 | 54.0 | 3.2 | 215.5 | 4,775 |
| 1984 | | | | | | | |
| January | 138.5 | 40.3 | 112.0 | 51.1 | 3.3 | 235.8 | 5,204 |
| February | 138.2 | 40.4 | 116.5 | 52.9 | 3.3 | 250.9 | 5,473 |
| March | 138.2 | 40.4 | 110.0 | 49.4 | 3.3 | 244.7 | 5,148 |
| April | 140.8 | 41.0 | 124.7 | 52.2 | 3.3 | 230.0 | 5,337 |
| May | 137.7 | 40.2 | 115.7 | 52.7 | 3.3 | 215.0 | 5,241 |
| June | 136.6 | 40.2 | 116.9 | 56.5 | 3.4 | 206.8 | 4,987 |
| July | 137.7 | 40.2 | 129.0 | 53.8 | 3.3 | 200.7 | 4,729 |
| August | 136.5 | 40.1 | 113.7 | 53.1 | 3.2 | 216.1 | 5,015 |
| September | 136.6 | 40.3 | 118.9 | 53.2 | 3.3 | 174.4 | 4,367 |
| October | 135.3 | 40.1 | 116.6 | 57.6 | 3.3 | 191.5 | 5,132 |
| November | 137.6 | 40.2 | 113.0 | 54.4 | 3.4 | 256.9 | 4,921 |
| December | 137.4 | 40.3 | 121.6 | 55.4 | 3.3 | 177.6 | 4,993 |
| 1985 | | | | | | | |
| January | 137.4p/ | 40.1 | 118.8 | 56.0 | 3.3 | | 4,938 |
| February | | 40.0 | 118.2 | 55.8 | | | 5,062 |

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r/Revised

p/Preliminary.

## BASIC DATA FOR CALIFORNIA ECONOMIC SERIES (Continued)
(Seasonally Adjusted Except as Noted)

| | Coincident Indicators | | | | | | Other Indicators |
|---|---|---|---|---|---|---|---|
| Year and Month | Nonagricultural Employment (thousands) | Wages and Salaries in Mining, Manufacturing and Construction (mil dol.) | Unemployment Rate | Insured Unemployment Average Weeks Claimed (thousands) | Personal Income (mil dol.) | Taxable Sales (mil dol.) | Manufacturing Employment (thousands) |
| 1981 | | | | | | | |
| January | 9,950.1 | | 7.3 | 354 | | | 2,021.1 |
| February | 9,945.4 | 49,060 | 7.3 | 372 | 278,922 | 37,723 | 2,018.3 |
| March | 9,947.8 | | 7.1 | 368 | | | 2,015.2 |
| April | 9,996.9 | | 7.1 | 357 | | | 2,023.6 |
| May | 10,011.1 | 51,807 | 6.6 | 344 | 287,721 | 39,014 | 2,030.3 |
| June | 10,025.6 | | 6.9 | 348 | | | 2,031.7 |
| July | 10,020.1 | | 7.3 | 356 | | | 2,035.1 |
| August | 10,017.6 | 52,737 | 6.9 | 367 | 300,325 | 39,464 | 2,031.0 |
| September | 10,003.0 | | 7.6 | 384 | | | 2,024.2 |
| October | 10,004.0 | | 8.2 | 382 | | | 2,025.3 |
| November | 9,964.9 | 54,052 | 8.0 | 400 | 305,795 | 38,858 | 2,010.7 |
| December | 9,953.0 | | 8.7 | 448 | | | 2,009.5 |
| 1982 | | | | | | | |
| January | 9,901.7 | | 8.7 | 428 | | | 1,990.3 |
| February | 9,897.2 | 53,629 | 8.8 | 445 | 305,460 | 38,538 | 1,982.5 |
| March | 9,875.0 | | 9.3 | 467 | | | 1,977.6 |
| April | 9,844.5 | | 9.4 | 504 | | | 1,968.7 |
| May | 9,835.5 | 53,676 | 9.5 | 506 | 310,246 | 38,309 | 1,959.3 |
| June | 9,821.2 | | 9.6 | 534 | | | 1,951.0 |
| July | 9,786.7 | | 10.3 | 519 | | | 1,941.6 |
| August | 9,757.4 | 53,277 | 10.3 | 542 | 313,398 | 38,354 | 1,930.2 |
| September | 9,756.8 | | 10.2 | 557 | | | 1,923.0 |
| October | 9,745.5 | | 10.8 | 565 | | | 1,913.7 |
| November | 9,744.0 | 53,342 | 11.2 | 562 | 317,323 | 39,293 | 1,905.8 |
| December | 9,736.5 | | 11.1 | 568 | | | 1,899.3 |
| 1983 | | | | | | | |
| January | 9,782.8 | | 11.0 | 529 | | | 1,903.4 |
| February | 9,778.3 | 53,824 | 11.1 | 538 | 321,331 | 39,269 | 1,904.4 |
| March | 9,796.1 | | 10.5 | 544 | | | 1,905.8 |
| April | 9,828.3 | | 9.9 | 519 | | | 1,909.1 |
| May | 9,855.1 | 55,174 | 10.4 | 506 | 330,190 | 41,515 | 1,917.6 |
| June | 9,907.0 | | 10.4 | 494 | | | 1,928.4 |
| July | 9,993.8 | | 9.0 | 426 | | | 1,937.2 |
| August | 9,998.0 | 57,427 | 9.7 | 443 | 340,516 | 43,357 | 1,948.9 |
| September | 10,103.2 | | 8.9 | 404 | | | 1,956.9 |
| October | 10,140.4 | | 8.6 | 398 | | | 1,963.1 |
| November | 10,187.2 | 57,812 | 8.4 | 394 | 342,928 | 44,943 | 1,978.4 |
| December | 10,204.8 | | 8.2 | 369 | | | 1,985.2 |
| 1984 | | | | | | | |
| January | 10,339.2 | | 8.4 | 374 | | | 2,013.9 |
| February | 10,396.9 | 61,906 | 8.0 | 349 | 362,929 r/ | 46,934 | 2,027.7 |
| March | 10,444.6 | | 8.2 | 328 | | | 2,036.2 |
| April | 10,482.9 | | 7.8 | 326 | | | 2,045.6 |
| May | 10,533.1 | 61,946 | 7.7 | 338 | 366,247 r/ | 48,455 | 2,047.5 |
| June | 10,569.9 | | 7.7 | 324 | | | 2,050.0 |
| July | 10,626.0 | | 7.9 | 346 | | | 2,059.8 |
| August | 10,679.4 | 62,921 r/ | 7.7 | 337 | 374,299 r/ | 48,772 | 2,064.6 |
| September | 10,669.5 | | 8.1 | 330 | | | 2,059.0 |
| October | 10,695.0 | | 7.5 | 367 | | | 2,068.9 |
| November | 10,735.6 | 64,350 | 7.3 | 349 | 380,778 | 49,692 | 2,088.7 |
| December | 10,746.6 | | 7.1 | 356 | | | 2,099.0 |
| 1985 | | | | | | | |
| January | 10,821.9 | | 7.3 | 386 | | | 2,105.1 |
| February | 10,846.4 | | 6.7 | 368 | | | 2,100.1 |

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r/ Revised

## BASIC DATA FOR CALIFORNIA ECONOMIC SERIES (Continued)
(Seasonally Adjusted Except as Noted)

| Year and Month | Other Indicators | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Consumer Price Index (1967=100)c/ | | | | | |
| | | San Francisco | | Los Angeles | | | |
| | DOD Prime Contracts (mil dol.)b/ | Wage Earner and Clerical Worker | All Urban | Wage Earner and Clerical Worker | All Urban | Net New S&L Savingsc/ (mil dol.) | Electricity Production (mil KWH) |
| 1981 | | | | | | | |
| January | | -- | -- | 262.7 | 259.4 | -241 | 9,919 |
| February | 4,105 | 261.6 | 260.5 | 265.0 | 261.6 | -2 | 11,065 |
| March | | -- | -- | 266.5 | 263.3 | -753 | 9,599 |
| April | | 270.9 | 270.3 | 269.1 | 265.5 | -830 | 11,874 |
| May | 4,051 | -- | -- | 270.7 | 267.3 | -44 | 11,181 |
| June | | 274.3 | 274.0 | 271.7 | 267.9 | -1,539 | 12,301 |
| July | | -- | -- | 276.3 | 272.2 | -1,020 | 10,527 |
| August | 4,979 | 287.2 | 287.9 | 278.6 | 274.8 | -1,016 | 9,394 |
| September | | -- | -- | 282.9 | 279.3 | -541 | 11,112 |
| October | | 295.6 | 297.0 | 284.9 | 281.3 | 667 | 11,222 |
| November | 4,078 | -- | -- | 285.3 | 281.6 | -385 | 10,897 |
| December | | 292.7 | 294.0 | 285.9 | 282.1 | -110 | 10,754 |
| 1982 | | | | | | | |
| January | | -- | -- | 289.6 | 285.6 | 366 | 10,823 |
| February | 7,080 | 294.9 | 295.8 | 289.2 | 285.4 | 333 | 10,285 |
| March | | -- | -- | 290.2 | 286.4 | -181 | 10,114 |
| April | | 297.8 | 298.8 | 290.3 | 286.6 | -1,085 | 10,223 |
| May | 6,020 | -- | -- | 290.6 | 287.1 | -47 | 9,973 |
| June | | 303.4 | 304.6 | 293.9 | 290.1 | -1,140 | 9,795 |
| July | | -- | -- | 293.0 | 289.3 | -143 | 9,916 |
| August | 5,683 | 302.8 | 304.3 | 292.8 | 289.1 | -412 | 9,676 |
| September | | -- | -- | 291.7 | 288.2 | 78 | 9,275 |
| October | | 301.3 | 302.4 | 292.8 | 289.5 | -615 | 9,471 |
| November | 6,326 | -- | -- | 291.6 | 288.5 | 779 | 9,413 |
| December | | 293.6 | 293.9 | 288.0 | 285.3 | 3,492 | 9,515 |
| 1983 | | | | | | | |
| January | | -- | -- | 288.0 | 285.6 | 5,802 | 9,731 |
| February | 6,173 | 293.9 | 297.3 | 290.1 | 286.8 | 2,757 | 10,094 |
| March | | -- | -- | 289.6 | 287.1 | 1,992 | 10,360 |
| April | | 294.7 | 299.3 | 290.2 | 289.5 | 2,301 | 9,683 |
| May | 6,740 | -- | -- | 292.1 | 292.0 | 2,381 | 9,767 |
| June | | 298.6 | 303.0 | 292.1 | 293.6 | 1,043 | 9,675 |
| July | | -- | -- | 293.2 | 294.5 | 2,066 | 9,533 |
| August | 7,157 | 301.6 | 306.0 | 293.7 | 295.2 | 3,207 | 9,658 |
| September | | -- | -- | 296.7 | 296.4 | 3,476 | 9,920 |
| October | | 301.4 | 305.7 | 299.0 | 297.0 | 1,679 | 9,155 |
| November | 6,462 | -- | -- | 297.8 | 296.5 | 273 | 9,231 |
| December | | 306.1 | 307.3 | 299.9 | 297.7 | 2,224 | 9,269 |
| 1984 | | | | | | | |
| January | | -- | -- | 297.9 | 299.1 | 3,518 | 9,318 |
| February | 8,930 | 308.7 | 311.7 | 299.0 | 300.2 | 1,752 | 9,066 |
| March | | -- | -- | 297.9 | 300.7 | 3,171 | 9,001 |
| April | | 311.1 | 316.4 | 298.9 | 302.8 | 3,241 | 9,618 |
| May | 5,843 | -- | -- | 303.1 | 305.4 | 5,462 | 11,054 |
| June | | 315.1 | 318.7 | 303.4 | 305.6 | 3,322 | 10,385 |
| July | | -- | -- | 300.3 | 305.9 | 3,236 | 11,006 |
| August | 7,045 | 322.7 | 323.4 | 305.1 | 308.6 | -971 | 10,425 |
| September | | -- | -- | 304.2 | 310.2 | -162 | 10,633 |
| October | | 319.3 | 327.5 | 302.6 | 311.9 | 2,261 | 10,012 |
| November | | -- | -- | 304.3 | 311.8 | 1,433 | 10,108 |
| December | | 321.5 | 325.8 | 306.5 | 311.1 | 2,195 | 10,205 |
| 1985 | | | | | | | |
| January | | -- | -- | 308.1 | 313.0 | 929 | 10,046 |
| February | | 324.2 | 328.7 | 309.1 | 314.1 | | |

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a/Annual basis.

b/Quarterly data.

c/Not adjusted for seasonal variation.

r/Revised.

# CHRONOLOGY

The following summary lists economic, political, and natural developments which have influenced California economic indicators, and may account for unusual movements in the series. Appraisal of the charts will be facilitated in many cases by taking into consideration those factors which may be contributing to temporary directional changes in business activity which are not indicative of significant changes in the economic situation of the State. In addition, major national events of general interest have also been included.

## 1969

| | |
|---|---|
| January 1 | Social security contribution rate increased to combined 9.6 percent. |
| January 7 | Prime rate raised from 6-3/4 percent to 7 percent. |
| January 24 | FHA interest rate raised from 6-3/4 percent to 7-1/2 percent. |
| March 17 | Prime rate raised from 7 percent to 7-1/2 percent. |
| April 3 | Discount rate raised from 5-1/2 percent to 6 percent; reserve requirement raised. |
| June 9 | Prime rate raised from 7-1/2 percent to 8-1/2 percent. |
| June 12 | Required liquidity reserves of savings and loan associations lowered from 6-1/2 percent to 6 percent. |
| October 27-February 1970 | General Electric strike. |

## 1970

| | |
|---|---|
| January 1 | Personal income tax surcharge reduced to 5 percent. Withholding cut. |
| January 5 | FHA interest rate raised from 7-1/2 percent to 8-1/2 percent. |
| January 21 | Increased schedule of interest rates on time deposits and certificates of deposit in effect. |
| March 25 | Prime rate reduced from 8-1/2 percent to 8 percent. |
| April 2-June 2 | Teamster strike. |
| May 6 | Stock margin requirement cut from 80 percent to 65 percent. |
| July 1 | Personal income tax surcharge removed. |
| September 14-November 23 | UAW strike against GM. |
| September 22 | Prime rate reduced from 8 percent to 7-1/2 percent. |

## 1970--Continued

| | |
|---|---|
| November 10 | Discount rate reduced from 6 percent to 5-3/4 percent. |
| November 12 | Prime rate reduced from 7-1/2 percent to 7-1/4 percent. |
| November 23 | Prime rate reduced from 7-1/4 percent to 7 percent. |
| December 1 | Discount rate reduced from 5-3/4 percent to 5-1/2 percent. FHA interest rate reduced from 8-1/2 percent to 8 percent. |
| December 20 | 13-week extended duration unemployment benefits in effect. |
| December 22 | Prime rate reduced from 7 percent to 6-3/4 percent. |

## 1971

| | |
|---|---|
| January 6 | Prime rate reduced from 6-3/4 percent to 6-1/2 percent. |
| January 8 | Discount rate reduced from 5-1/2 percent to 5-1/4 percent. |
| January 12 | FHA interest rate reduced from 8 percent to 7-1/2 percent. |
| January 15 | Prime rate reduced from 6-1/2 percent to 6-1/4 percent. |
| January 18 | Prime rate reduced from 6-1/4 percent to 6 percent. |
| January 19 | Discount rate reduced from 5-1/4 percent to 5 percent. |
| February 4 | Rolls Royce bankruptcy announced. |
| February 9 | Los Angeles earthquake. |
| February 12 | Discount rate reduced from 5 percent to 4-3/4 percent. |
| February 16 | Prime rate reduced from 6 percent to 5-3/4 percent. |
| February 23 | Davis Bacon Act regulating construction wages on Federal projects suspended. Suspension revoked on March 29. Wage-price curbs ordered. |

## CHRONOLOGY--Continued

### 1971--Continued

| | |
|---|---|
| March 16 | Prime rate reduced from 5-3/4 percent to 5-1/2 percent. |
| March 17 | Social security bill signed. Benefits raised 10 percent, retroactive to Jaunary 1, 1971. Contribution base raised to $9,000 effective January 1, 1972. |
| March 25 | SST program terminated. |
| April 1 | Interest rates on savings accounts in California banks generally reduced from 4-1/2 percent to 4 percent. |
| April 23 | Prime rate raised from 5-1/4 percent to 5-1/2 percent. |
| May 1 | Liquidity ratio for savings and loan associations raised from 6-1/2 percent to 7-1/2 percent. |
| May 17-18 | Rail strike. |
| June 1-July 27 | Communications workers strike against Western Union. |
| June 15-21 | Prime rate increased from 5-1/2 percent to 5-3/4 percent. General rise to 6 percent on July 7. |
| June 29-July 16 | Northern California construction strike. |
| July 1-October 6 | West Coast dock strike. |
| July 14-August 2 | Telephone strike. |
| July 15 | Discount rate raised from 4-3/4 percent to 5 percent. |
| July 16-August 2 | Rail strike. |
| July 31 | Steel strike averted by accord on contract. |
| August 2 | Lockheed loan guarantee approval. |
| August 3 | Teamsters walkout in Northern California against building contractors. |
| August 15-November 13 | President's economic policy message; 90-day wage-price freeze in effect. |
| October 1 | East and Gulf Coast longshoremen's strike. |
| October 20 | Prime rate reduced from 6 percent to 5-3/4 percent. Further reduction to 5-1/2 percent on November 4. |

### 1971--Continued

| | |
|---|---|
| November 11 | Discount rate reduced from 5 percent to 4-3/4 percent. |
| November 14 | Phase II of NEP in effect. |
| December 6 | Stock margin requirements cut from 65 percent to 55 percent. |
| December 10 | Revenue Act of 1971 signed into law. |
| December 13 | Discount rate reduced from 4-3/4 percent to 4-1/2 percent. Prime rate lowered from 5-1/2 percent to 5-1/4 percent.* |
| | Intent to devalue U.S. dollar announced. |

### 1972

| | |
|---|---|
| January 17-February 20 | West Coast dock strike continued. |
| February 1-March 15 | Kaiser Steel Company strike. |
| July 1 | 20 percent increase in social security benefits signed into law. Effective September. |
| September 11 | Opening of BART Fremont-Oakland line. |
| September 21 | "Friends of Mammoth" decision. |
| November 24 | Stock margin requirements raised to 65 percent. |

### 1973

| | |
|---|---|
| January 11 | Phase III of NEP in effect. |
| January 15 | Discount rate raised from 4-1/2 percent to 5 percent. |
| January 27 | Viet Nam cease fire signed. |
| January 29 | Opening of BART Richmond-Oakland line. |
| February 12 | 10 percent devaluation of U.S. dollar announced. |
| March 2 | Major foreign currency exchanges closed. |
| March 29 | Price controls of meat announced. |

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* Adoption of a floating prime rate in November 1971 has resulted in frequent minor adjustments in the rate. Information on the range of rates at any one time and the rate charged by the majority of commercial banks may be obtained from the Federal Reserve Bulletin.

## CHRONOLOGY--Continued

### 1973

| | |
|---|---|
| April 9-13 | Consumer meat boycott. |
| April 23 | Discount rate raised from 5-1/2 percent to 5-3/4 percent. |
| May 10 | Discount rate raised from 5-3/4 percent to 6 percent. |
| June 11 | Discount rate raised from 6 percent to 6-1/2 percent. |
| June 14 | 60-day price freeze announced. |
| July 2 | Discount rate raised from 6-1/2 percent to 7 percent. Increased reserve requirement on net demand deposits. |
| July 6 | Interest rates increased: FHA mortgage rate: 7 percent to 7-3/4 percent; bank savings rate: 4-1/2 percent to 5 percent; savings and loan rate: 5 percent to 5-1/4 percent. |
| July 18 | Phase IV announced. |
| August 27 | Prime rate at 9-3/4 percent in major institutions. |
| October 17 | Arab nations announce reductions in oil shipment. |
| November 5-December 18 | TWA strike. |

### 1974

| | |
|---|---|
| January 3 | Stock margin requirements cut from 65 percent to 50 percent. |
| February 1-11 | Independent truckers strike, midwest and east coast. |
| February 15 | Prime rate reduced to 9 percent. |
| February 22 | Prime rate reduced to 8-3/4 percent. |
| March 4 | California minimum wage increased to $2.00 per hour from $1.65. |
| March 18 | Arab oil embargo lifted. |
| March 27 | Prime rate increased to 9 percent from 8-3/4 percent. |
| March 28 | Prime rate further increased to 9-1/2 percent. |
| April 25 | Federal Reserve raised discount rate to 8 percent from 7-1/2 percent. |
| April 29 | Prime rate up to 10-3/4 percent. |

### 1974--Continued

| | |
|---|---|
| April 30 | Phase IV controls lifted in approximately 165 sectors of the economy. |
| June 17-August 4 | San Diego construction strike. |
| June 17-July 21 | Northern California construction strike. |
| July 1-Mid-August | Southern California construction strike. |
| July 1 | Transit strikes, San Francisco Bay Area. |
| August 2-October 21 | Los Angeles area transit strike. |
| August 8 | Resignation of President Nixon announced. |
| August 14 | FHA mortgage rate raised to 9-1/2 percent.<br>Prime rate reduced from 12 percent to 11-3/4 percent on limited basis. Prevailing rate on date of major changes:<br>October 21....11 1/2 percent<br>October 28....11 1/4 percent<br>November 4....11 percent<br>November 14...10 3/4 percent<br>November 25...10 1/2 percent |
| October 8 | Prime rate reduced from 12 percent to 11-3/4 percent by several more large banks. |
| November 12-December 9 | Coal strike. |
| December 9 | Discount rate reduced from 8 percent to 7-3/4 percent. |

### 1975

| | |
|---|---|
| January 6 | Federal Reserve discount rate cut from 7-3/4 percent to 7-1/4 percent. |
| January 10 | Oil Chemical Atomic Workers Union strike. |
| January 13 | Prime rate reduced to 10 percent. Further major cuts as follows:<br>Jannuary 21.....9 3/4 percent<br>January 31......9 percent<br>February 6......8 3/4 percent<br>February 19.....8 1/2 percent<br>March 3.........8 1/4 percent<br>March 8.........8 percent |
| January 21 | FHA mortgage rate reduced from 9 percent to 8-1/2 percent. |
| February 5 | Federal Reserve discount rate cut from 7-1/4 percent to 6-3/4 percent. |

### 1975--Continued

| | |
|---|---|
| March 10 | Federal Reserve discount rate cut from 6-3/4 percent to 6-1/4 percent. |
| March 24 | Prime rate reduced to 7-1/2 percent by most major banks. |
| March 25 | King Faisal assassinated. |
| March 29 | Tax reduction act signed into law. |
| May 19 | Prime rate reduced to 7-1/4 percent by several major banks. |
| June 10 | Prime rate reduced to 7 percent by most banks. |
| July 18 | Prime rate increased to 7-1/4 percent. Further gains as follows:<br>July 25.......7-1/2 percent<br>August 11......7-3/4 percent<br>September 15....8 percent |
| September 1 | National Airlines strike. |
| October 16 | Reserve requirement on time deposits reduced from 3 percent to 1 percent. |
| October 24 | Prime rate reduced to 7-3/4 percent. Further reductions as follows:<br>October 31......7-1/2 percent<br>November 21.....7-1/4 percent |
| December 5-19 | United Airlines strike. |

### 1976

| | |
|---|---|
| January 12 | Prime rate lowered to 7 percent. |
| January 19 | Federal Reserve discount rate lowered from 6 percent to 5-1/2 percent. |
| January 21 | Prime rate reduced to 6-3/4 percent. |
| April 1-3 | Teamsters strike. |
| April 9-June 4 | Prime rate moving upward, 6-3/4 percent to 7-1/4 percent at most major banks. |
| April 21 | Rubber workers strike. |
| July 20-August 2 | Cannery workers strike. |
| August 2 | Prime rate reduced to 7 percent. Further reductions as follows:<br>October 4......6-3/4 percent<br>October 29.....6-1/2 percent<br>December 10....6-1/4 percent |

### 1976--Continued

| | |
|---|---|
| September 15-October 13 | Auto workers strike. |
| October 18 | California minimum wage raised to $2.50 per hour. |
| December 22 | Prime rate reduced to 6 percent by Chase Manhattan Bank. Most banks maintain a prime rate of 6-1/4 percent. |

### 1977

| | |
|---|---|
| May 16 | Prime rate raised to 6-1/2 percent. |
| May 31 | Prime rate raised to 6-3/4 percent. |
| August 22 | Prime rate raised to 7 percent. |
| August 30 | Federal Reserve discount rate raised from 5-1/4 percent to 5-3/4 percent, the first increase since April 1974. |
| September 16 | Prime rate raised to 7-1/4 percent. |
| October 1-November 24 | Longshoremen's strike against East and Gulf Coast ports. |
| October 7 | Prime rate raised to 7-1/2 percent. |
| October 10-January 4 | IAM-Lockheed strike. |
| October 24 | Prime rate raised from 7-1/2 percent to 7-3/4 percent. |
| October 26 | Discount rate raised from 5-3/4 percent to 6 percent. |
| December 6-March 24 | United Mine Workers strike. |

### 1978

| | |
|---|---|
| January 1 | U.S. minimum wage increased to $2.65 per hour. |
| January 9 | Discount rate raised from 6 percent to 6-1/2 percent. |
| January 10 | Prime rate raised to 8 percent. |
| February 28 | FHA mortgage rate raised from 8-1/2 percent to 8-3/4 percent. |
| April 1 | California minimum wage increased from $2.50 to $2.65 per hour. |
| April 1-May 28 | United Airlines strike. |
| May 4 | Prime rate raised from 8 percent to 8-1/4 percent. |

| | 1978--Continued |
|---|---|
| May 8 | California savings and loan assocations raised mortgage rates from 9-3/4 percent to 10 percent. |
| May 12 | Discount rate raised to 7 percent. |
| May 23 | Federal funds rate increased to 7-1/2 percent. |
| | FHA-VA mortgage rate raised from 8-3/4 percent to 9 percent. |
| May 26 | Prime rate raised from 8-1/4 percent to 8-1/2 percent. |
| June 6 | Proposition 13 approved by California voters. |
| June 16 | Prime rate raised to 8-3/4 percent. |
| June 20 | OPEC announced a freeze on crude oil prices until December 16. |
| June 22 | Federal funds rate raised from 7-1/2 percent to 7-3/4 percent. |
| June 29 | FHA-VA mortgage rate raised to 9-1/2 percent. |
| June 30 | Prime rate raised to 9 percent. |
| July 10 | Discount rate raised to 7-1/4 percent. |
| July 18 | Teamsters union strike affecting supermarkets throughout Northern California. |
| August 20 | Retail clerks union strike in Southern California. |
| August 21 | Discount rate raised to 7-3/4 percent. |
| August 29 | Federal funds rate raised from 8-1/8 percent to 8-1/4 percent. |
| August 31 | Prime rate raised by some eastern banks from 9 percent to 9-1/4 percent. |
| September 15 | Prime rate raised to 9-1/2 percent. |
| September 22 | Discount rate raised from 7-3/4 percent to 9-3/4 percent. |
| September 28 | Prime rate raised from 9-1/2 percent to 9-3/4 percent. |

| | 1978--Continued |
|---|---|
| October 12 | Prime rate raised from 9-3/4 percent to 10 percent. |
| October 15 | Tax cut and energy bills passed by Congress. |
| October 16 | Discount rate raised from 8 percent to 8-1/2 percent. |
| October 18 | Federal funds rate raised from 8-3/4 percent to 8-7/8 percent. |
| October 24 | Prime rate raised from 10 percent to 10-1/4 percent. |
| | California mortgage rates raised from 10 percent to 10-1/4 percent at several savings and loan institutions. |
| October 24 | Phase II announced: voluntary guidelines on wages and prices. |
| November 1 | Discount rate raised from 8-1/2 percent to 9-1/2 percent. |
| | Prime rate raised to 10-1/2 percent. |
| November 3 | Prime rate raised from 10-1/2 percent to 10-3/4 percent. |
| November 13 | Prime rate raised from 10-3/4 percent to 11 percent. |
| November 24 | Prime rate raised to 11-1/2 percent. |
| November 27 | Federal funds rate raised from 9-3/4 percent to 9-7/8 percent. |
| December 4 | Rollover for 6-month certificates of deposit (CDs) began this week. |
| December 19 | Federal funds rate raised to 10 percent. |
| December 20 | Prime rate raised to 11-3/4 percent. |
| | 1979 |
| January 1 | U.S. minimum wage increased to $2.90 per hour. |
| January 13 | Prime rate reduced to 11-1/2 percent. |
| March 15 | Terms for MMCs changed. 1/4 point differential over 9 percent eliminated. |
| March 27 | OPEC price increases: 9 percent. Selected surcharges imposed. |

### 1979--Continued

| | |
|---|---|
| March 31 | United Airlines-machinist strike. |
| April 1-10 | Teamsters strike. |
| May 7 | Prime rate moved to 11-3/4 percent from 11-1/2 percent. |
| May 19 | Federal funds rate set at 7-1/4 percent. |
| May 26 | United Airlines strike ended. |
| May 30 | Interest rate on conventional mortgages raised to 11-3/4 percent. |
| June 12 | Prime rate reduced to 11-1/2 percent. |
| July 1 | Interest rates on passbook accounts up to 5.5 percent at Savings and Loans and 5.25 percent for banks. |
| July 20 | Discount rate raised from 9-1/2 percent to 10 percent. |
| August 16 | Discount rate raised to 10-1/2 percent. |
| August 24 | Federal funds rate raised from 11 percent to 11-1/4 percent. |
| August 26-September 10 | Los Angeles Rapid Transit District strike. |
| August 28 | Prime rate raised from 12 percent to 12-1/4 percent. |
| August 31-November 21 | BART strike. |
| September 4 | Federal funds rate raised from 11-1/percent |

### 1980

| | |
|---|---|
| February 25 | Prime rate raised to 16-1/2 percent. |
| February 27 | Ceilings on interest rates for government backed mortgages raised to 13 percent. |
| February 29 | Prime rate raised to 16-3/4 percent. |
| March 4 | Prime rate raised to 17-1/4 percent. |
| March 7 | Prime rate raised to 17-3/4 percent. |
| March 13 | Prime rate raised to 18-1/4 percent. |

### 1980--Continued

| | |
|---|---|
| March 14 | Announcement of tighter fiscal policies. |
| March 17 | Three percent discount rate surcharge imposed. |
| March 18 | Prime rate raised to 19 percent. |
| April 2 | Prime rate raised to 20 percent. |
| April 3 | FHA mortgages raised to 14 percent. |
| April 20 | Prime rate reduced to 19-1/2 percent. |
| April 28 | FHA mortgages reduced to 13 percent. |
| | Prime rate reduced to 18-1/2 percent. |
| May 5 | Prime rate reduced to 18 percent. |
| May 7 | Prime rate reduced to 17 percent. |
| May 8 | Discount rate surcharge reimposed. |
| May 12 | Prime rate reduced to 16-1/2 percent. |
| May 19 | Prime rate reduced to 16 percent. |
| May 28 | Discount rate lowered to 12 percent from 13 percent. |
| June 4 | Prime rate reduced to 13 percent. |
| June 12 | Discount rate lowered to 11 percent. Prime rate reduced to 12-1/2 percent. |
| June 20 | Prime rate reduced to 12 percent. |
| June 24 | Prime rate reduced to 11-1/2 percent. Some conventional mortgage rates fell to 12 percent. |
| June 25 | Carpenters strike in Northern California ended. |
| July 3 | ICC begins trucking industry deregulation. |
| July 21 | Motion picture and television industry strike. |
| July 22 | Prime rate reduced to 11 percent. |
| July 25 | Prime rate reduced to 10-3/4 percent. |

## 1980--Continued

| | |
|---|---|
| July 28 | Discount rate reduced to 10 percent. |
| August 5 | Prime rate raised to 11 percent. |
| August 27 | Prime rate raised to 11-1/2 percent. |
| September 5 | FHA mortgage interest rate raised from 11-1/2 to 12 percent. |
| September 12 | California morgage rate raised from 13-1/2 percent to 13-3/4 percent. |
| September 25 | Pacific Southwest Airlines (PSA) pilots strike begins. |
| September 26 | Discount rate raised from 10 to 11 percent. Prime rate raised from 12-1/2 percent to 12-3/4 percent. |
| October 2 | Prime raised from 13 to 13-1/2 percent. |
| October 3 | Prime raised to 14 percent. |
| October 15 | AFTA workers return to work. |
| October 23 | Screen Actors Guild strike ends. |
| October 30 | Prime raised from 14 to 14-1/2 percent. |
| November 7 | Prime raised from 14-1/2 to 15-1/2 percent. |
| November 14 | PSA pilots strike ends. |
| November 17 | Prime raised to 16 1/4 percent. Discount rate raised from 11 to 12 percent and surcharge imposed. |
| November 21 | Prime raised to 17 percent. |
| November 28 | Prime raised to 17-3/4 percent. |
| December 3 | Prime raised from 17-3/4 to 18-1/2 percent. |
| December 5 | Discount rate raised from 12 to 13 percent. Prime raised to 19 percent. |
| December 11 | Prime raised to 20 percent. |
| December 17 | Prime raised from 20 to 21 percent. |
| December 23 | Prime lowered from 21 to 20-1/2 percent. |

## 1981

| | |
|---|---|
| January 1 | Minimum wage raised from $3.10 to $3.35. |
| January 6 | Prime lowered to 20 percent. |
| January 20 | American hostages released from Iran. |
| January 20 | Ronald Reagan inaugurated as 40th President of the U.S. |
| January 28 | Deregulation of oil and gas industry announced, effective immediately. |
| January 29 | Prime rate lowered to 19-1/2 percent from 20 percent. |
| February 16 | General Motors and Ford rebate plans announced. |
| February 23 | Prime rate lowered to 18 percent. |
| March 2 | Prime rate lowered to 18-1/2 percent. |
| March 10 | Prime rate lowered to 18 percent. |
| March 16 | Prime rate lowered to 17-1/2 percent. |
| March 18 | Prime rate lowered to 17 percent. |
| March 26 | United mine workers strike. |
| April 13 | Prime rate raised to 17-1/2 percent. |
| April 29 | Prime rate raised to 18 percent. |
| May 4 | Prime rate raised to 19 percent. |
| May 5 | Discount rate raised from 13 percent to 14 percent. |
| May 8 | FHA-VA rate up to 15-1/2 percent from 14-1/2 percent. |
| May 11 | Prime rate raised to 19-1/2 percent. |
| May 22 | Prime rate raised to 20 percent. |
| May 27 | OPEC fails to agree on a uniform price schedule. OPEC officials freeze prices at current level. |
| June 5 | Dollar reaches highest level in international trading since December 1971. |

## 1981--(Continued)

| | |
|---|---|
| June 8 | Coal miners end 72 day strike and ratify a 40-month contract. |
| July 8 | Prime rate raised to 20-1/2 percent. |
| August 3 | Air traffic controller's strike. |
| August 14 | President Reagan signs both the tax- and budget-cut bills into law. |
| August 18 | FHA-VA rate up to 16-1/2 percent from 15-1/2 percent. |
| September 1 | Prime rate lowered to 20 percent. |
| September 21 | Prime rate lowered to 19-1/2 percent. |
| September 22 | Fed surcharge cut to 3 percent from 4 percent. |
| October 6 | Prime rate lowered to 19 percent. |
| | Egyptian President Sadat assassinated. |
| October 13 | Prime rate lowered to 18 percent. |
| October 30 | OPEC price set at $34.00/barrel--the Saudi benchmark. |
| November 1 | Passbook interest rate raised 1/2 percent to 5-3/4 percent. |
| November 2 | Fed discount rate cut from 14 percent to 13 percent. |
| | Prime rate lowered to 17-1/2 percent. |
| November 10 | Prime rate lowered to 17 percent. |
| November 13 | Prime rate lowered to 16-1/2 percent. |
| | FHA mortgage rate lowered to 15-1/2 percent. |
| November 16 | Prime rate lowered to 16 percent. |
| November 17 | Fed eliminates 2 percent surcharge. Discount rate unaffected. |
| December 1 | Prime rate lowered to 15-1/2 percent. |
| December 4 | Fed discount rate lowered from 13 percent to 12 percent. |

## 1981--(Continued)

| | |
|---|---|
| December 12 | Martial law imposed in Poland. |

## 1982

| | |
|---|---|
| January 22 | Federal funds rate raised to 13-1/2 percent. |
| January 25 | FHA mortgage rate increased from 15-1/2 percent to 16-1/2 percent. |
| January 27 | Federal funds rate raised to 13-3/4 percent. |
| February 2 | Prime rate raised to 16-1/2 percent by Citibank and Crocker. |
| February 18 | Prime rate increased to 17 percent. |
| February 24 | Prime rate cut back to 16-1/2 percent. |
| March 1 | Ford-UAW Pact ratified. Workers give up two weeks of paid time off and annual 3 percent raises. |
| March 8 | Prime rate lowered to 16 percent. |
| March 16 | Prime rate back up to 16-1/2 percent. |
| April 1 | OPEC cuts production to 17.5 million barrels from current 18.2. Saudi bench mark set at $34/barrels. |
| April 5 | Unemployment rate nationally hits 9.0 percent tying the post-WW II high in May 1975. |
| April 12 | General Motor and United Auto Workers labor agreement approved. |
| April 26 | The U.S. consumer price index declined 0.3 percent--the first decline in 17 years and the largest drop in nearly a quarter of a century. |
| May 7 | U.S. unemployment rate reaches 9.4 percent for a post-WW II record. |
| May 13 | Braniff Air Lines ceases operation. |
| June 25 | Secretary of State Alexander Haig resigns. |
| June 28 | U.S. Supreme Court rules that federally chartered savings and loan associations cannot be prohibited from enforcing due-on-sale clauses in their mortgage contracts. |

## 1982--Continued

| | |
|---|---|
| July 20 | Discount rate lowered from 12 percent to 11-1/2 percent. Prime rate lowered from 16-1/2 percent to 16 percent. |
| July 27 | Prime rate lowered to 15-1/2 percent. |
| August 2 | Discount rate lowered to 11 percent. Prime rate lowered to 15 percent. |
| August 9 | Unemployment rate reached 9.8 percent in July--the highest level since a 9.9 percent rate in 1941. |
| August 16 | Discount rate cut from 11 percent to 10-1/2 percent. Most major banks lower their prime lending rates to 14-1/2 percent. |
| August 18 | Dow Jones Industrial Average rose 38.81 points--an all-time record. |
| August 19 | The stock market trading soared to a record 132,690,000 shares. |
| August 27 | Discount rate lowered to 10 percent. Prime rate lowered to 13.5 percent. |
| September 19 | National Football League players strike began. |
| | Railroad strike involving locomotive engineers began. |
| September 23 | Railroad strike ends. |
| September 24 | FHA mortgage loan rate lowered from 14 percent to 13.5 percent. |
| October 7 | Prime rate lowered to 13 percent. |
| October 12 | Discount rate lowered from 10 percent to 9-1/2 percent. |
| October 15 | Prime rate lowered to 12 percent. |
| November 1 | General Motors reduces auto financing interest rate from 18.0 percent to 10.9 percent. |
| November 22 | Discount rate cut from 9-1/2 percent to 9 percent. |
| November 23 | Prime rate lowered from 12 percent to 11-1/2 percent. |

## 1982 (Continued)

| | |
|---|---|
| December 13 | Discount rate cut to 8-1/2 percent. |
| December 14 | Introduction of money market deposit accounts by banks and S&Ls. |

## 1983

| | |
|---|---|
| January 5 | Super NOW accounts introducted. |
| January 11 | Prime rate lowered to 11 percent. |
| January 31 | Independent truckers strike begins. |
| February 10 | Independent truckers strike end. |
| February 15 | Toyota/GM agreement to build a small car in late 1984. |
| February 25 | Prime rate lowered to 10-1/2 percent. |
| March 14 | OPEC sets $29 per barrel benchmark price and production quota of 17.5 million barrels. |
| May 2 | A 6.5 magnitude earthquake strikes the town of Coalinga. |
| June 8 | The maximum rate on government-backed mortgages was raised from 11-1/2 percent to 12 percent. |
| June 18 | Paul Volcker reappointed as Federal Reserve Board Chairman. |
| June 24 | The Federal Budget deficit totalled a record $29.29 billion in May. |
| July 7 | The maximum rate on government-backed mortgages was raised from 12 percent to 12-1/2 percent. |
| July 13 | Chrysler Corporation announced it will repay the remaining $800 million in federally guaranteed loans by September, seven years before they are due. |
| July 25 | The Washington Public Power Supply System defaulted on $2.25 billion in bonds, creating the largest municipal default in U.S. history. |

### 1983 (Continued)

| | |
|---|---|
| August 1 | California's $1.2 billion offering of revenue-anticipation notes, the State's largest note issue, drew strong investor interest. Notes totalling $700 million, maturing next April and June, were oversubscribed. |
| August 2 | The maximum rate on government backed mortgages rose from 12-1/2 percent to 13-1/2 percent. |
| August 7 | The Communications Workers of America and two other unions strike AT&T. |
| August 8 | Prime rate raised from 10-1/2 percent to 11 percent by most major banks. |
| August 23 | The maximum rate on government backed mortgages fell from 13-1/2 percent to 13 percent. |
| August 28 | AT&T strike ends. |
| September 1 | Soviet Union shoots down Korean Airlines Flight 007, New York to Seoul, near the Soviet Island of Salhalin, just north of Japan. |
| November 1 | Maximum rate on VA & FHA mortgages lowered from 13 percent to 12.5 percent. |
| November 3 | Strike against Greyhound Lines Inc. begins. |
| December 1 | FHA mortgage interest rates begin to float. VA rates are still pegged. |
| December 21 | Greyhound strike ends. |

### 1984

| | |
|---|---|
| January 3 | Breakup of AT&T becomes effective. |
| February 2 | Contemporaneous reserve accounting is required by Fed for all but the very small deposit-taking institutions. |
| March 19 | Prime rate raised from 11 percent to 11-1/2 percent. |
| March 20 | Maximum rate on VA loans raised from 12-1/2 to 13 percent. |

### 1984 (Continued)

| | |
|---|---|
| April 4 | Prime rate raised from 11-1/2 percent to 12 percent. |
| April 9 | Discount rate raised from 8-1/2 percent to 9 percent; the first change in 3 years. |
| May 5 | Prime rate raised from 12 percent to 12-1/2 percent. |
| June 26 | Prime rate raised from 12-1/2 percent to 13 percent. |
| September 3 - December 7 | Hotel and restaurant strike - San Francisco. |
| September 15 - October 14 | UAW-General Motors strike. |
| September 28 | Prime rate reduced from 13 percent to 12-3/4 percent. |
| October 16 | Prime rate reduced from 12-3/4 percent to 12-1/2 percent. |
| October 28 | Prime rate reduced from 12-1/2 percent to 12 percent. |
| November 7 | Prime rate reduced from 12 percent to 11-3/4 percent. |
| November 21 | Discount rate reduced from 9 percent to 8-1/2 percent. |
| November 28 | Prime rate reduced from 11-3/4 percent to 11-1/4 percent. |
| December 17 | Prime rate reduced from 11-1/4 percent to 10-3/4 percent. |
| December 24 | Discount rate reduced from 8-1/2 percent to 8 percent. |

### 1985

| | |
|---|---|
| January 1 | Federal price controls removed from approximately half of the natural gas produced in the United States. |
| January 15 | Prime rate reduced from 10-3/4 percent to 10-1/2 percent. |
| March 9 | Home State Savings Bank Cincinnati, Ohio closed. |
| March 15 | Seventy Ohio thrift institutions closed to prevent run on deposits. |
| March 25 | Maximum rate on VA loans raised from 12-1/2 percent to 13 percent. |

# SOURCES OF STATISTICAL SERIES

| | |
|---|---|
| Employment Development Department<br>Employment Data and Research | Civilian Employment<br>Unemployment<br>Unemployment rate<br>Nonagricultural employment<br>Manufacturing employment<br>Hours and earnings<br>Nonagricultural placements<br>Initial claims for unemployment insurance<br>Insured unemployment<br>Index for production worker hours |
| Department of Industrial Relations<br>Division of Labor Statistics and Research | California consumer price index |
| Department of Finance | Personal income<br>Wages and salaries<br>Index of leading indicators |
| Department of Motor Vehicles | New auto registrations |
| State Board of Equalization | Taxable sales |
| Security Pacific National Bank | Housing units authorized<br>Valuation of nonresidential construction |
| U.S. Department of Commerce | Retail sales |
| U.S. Bureau of Labor Statistics | Consumer price indices |
| U.S. Department of Defense | Prime defense contracts |
| U.S. Department of Energy | Electricity production |
| California Redwood Association | Lumber production |
| Conservation Committee of California Oil Producers | Petroleum production |
| American Iron and Steel Institute | Steel production |
| U.S. Bureau of Mines | Cement production |
| California Secretary of State | New business incorporations |
| Federal Reserve Bank of San Francisco | Demand deposits<br>Commercial and industrial loans |

## REFERENCE DATES OF UNITED STATES BUSINESS CYCLES, 1854-1982

| Initial Trough | Peak | Terminal Trough | Expansion (months) | Contraction (months) | Total (months) |
|---|---|---|---|---|---|
| Dec. 1854 | June 1857 | Dec. 1858 | 30 | 18 | 48 |
| Dec. 1858 | Oct. 1860 | June 1861 | 22 | 8 | 30 |
| June 1861 | April 1865 | Dec. 1867 | 46 | 32 | 78 |
| Dec. 1867 | June 1869 | Dec. 1870 | 18 | 18 | 36 |
| Dec. 1870 | Oct. 1873 | March 1879 | 34 | 65 | 99 |
| March 1879 | March 1882 | May 1885 | 36 | 38 | 74 |
| May 1885 | March 1887 | April 1888 | 22 | 13 | 35 |
| April 1888 | July 1890 | May 1891 | 27 | 10 | 37 |
| May 1891 | Jan. 1893 | June 1894 | 20 | 17 | 37 |
| June 1894 | Dec. 1895 | June 1897 | 18 | 18 | 36 |
| June 1897 | June 1899 | Dec. 1900 | 24 | 18 | 42 |
| Dec. 1900 | Sept. 1902 | Aug. 1904 | 21 | 23 | 44 |
| Aug. 1904 | May 1907 | June 1908 | 33 | 13 | 46 |
| June 1908 | Jan. 1910 | Jan. 1912 | 19 | 24 | 43 |
| Jan. 1912 | Jan. 1913 | Dec. 1914 | 12 | 23 | 35 |
| Dec. 1914 | Aug. 1918 | March 1919 | 44 | 7 | 51 |
| March 1919 | Jan. 1920 | July 1921 | 10 | 18 | 28 |
| July 1921 | May 1923 | July 1924 | 22 | 14 | 36 |
| July 1924 | Oct. 1926 | Nov. 1927 | 27 | 13 | 40 |
| Nov. 1927 | Aug. 1929 | March 1933 | 21 | 43 | 64 |
| March 1933 | May 1937 | June 1938 | 50 | 13 | 63 |
| June 1938 | Feb. 1945 | Oct. 1945 | 80 | 8 | 88 |
| Oct. 1945 | Nov. 1948 | Oct. 1949 | 37 | 11 | 48 |
| Oct. 1949 | July 1953 | May 1954 | 45 | 10 | 55 |
| May 1954 | Aug. 1957 | April 1958 | 39 | 8 | 47 |
| April 1958 | April 1960 | Feb. 1961 | 24 | 10 | 34 |
| Feb. 1961 | Dec. 1969 | Nov. 1970 | 106 | 11 | 117 |
| Nov. 1970 | Nov. 1973 | March 1975 | 36 | 16 | 52 |
| March 1975 | Jan. 1980 | July 1980 | 58 | 6 | 64 |
| July 1980 | July 1981 | November 1982 | 12 | 16 | 28 |

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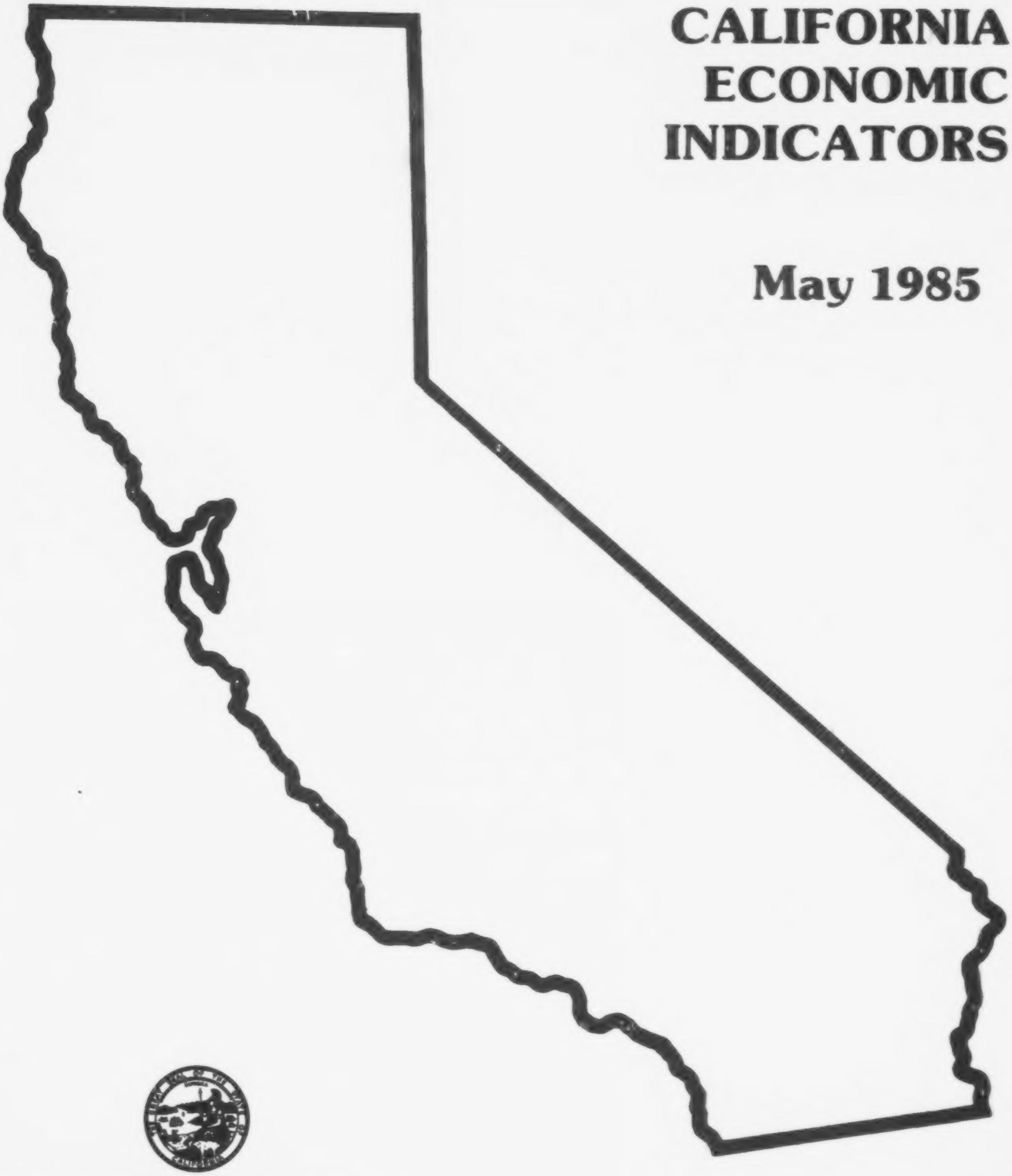
# CALIFORNIA ECONOMIC INDICATORS

## May 1985



DEPARTMENT OF FINANCE

## INTRODUCTION

California Economic Indicators is a bimonthly summary of economic trends and data relating to the State of California. Generally patterned after the U.S. Census Bureau publication Business Conditions Digest, the report contains the following regular features:

- review of economic developments
- current California economic data table
- economic indicator charts
- basic data for California economic series
- chronology of major economic events

Developments in California over the most recent months are reviewed in a brief text, and then summarized in a current data table which shows changes over the previous year. Charts containing monthly and quarterly series from 1972 are included to facilitate the review of current developments, and to appraise the significance of the developments on the State economy. Much of the data in the report has been seasonally adjusted by the source agency or the Department of Finance.

Sources are cited on the inside back cover to assist readers in obtaining any additional information on the statistical series published. Finally, reference dates for U.S. business cycles, as determined by the National Bureau of Economic Research, are shown on the back of the publication.

The Department of Finance welcomes suggestions on additions or changes which would make the Indicators a more useful publication. Correspondence should be addressed to: State of California, Department of Finance, Financial Research Unit, 1025 P Street, Sacramento, CA 95814.

Subscriptions are $8.00 per year, and begin with the January issue. The subscription price will be prorated throughout the year based upon the beginning subscription date, as shown below:

| Beginning Subscription Date | Prorated Amount Due |
|---|---|
| January | $8.00 |
| March | 6.75 |
| May | 5.40 |
| July | 4.05 |
| September | 2.70 |
| November | 1.35 |

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## REVIEW OF ECONOMIC DEVELOPMENTS

The pace of expansion has slowed a bit since the start of the first quarter in 1985, but overall the California economy continues to grow at a steady pace. Although the most recent increases were not very dramatic, employment, income, and production all made gains. The consumer price index went up 4.5 percent, but inflation still seems to be under control. The California Index of Leading Economic Indicators shows a leveling off in economic growth.

Employment continues its upward trend, but at a lower rate than earlier this year. Between April 1984 and April 1985, civilian employment increased 3.9 percent to 11,887,000. The State's unemployment rate stood at 7.3 percent, the same level as in the Nation. The jobless rate was at a four-year low of 6.7 percent as of February this year. The subsequent increase to 7.3 percent should not be interpreted as a deterioration in the employment situation, so much as problems in seasonal adjustment. Various economic indicators appear to have undergone unusual changes lately, which has made the traditional seasonal adjustment process less reliable.

The increase in jobs for nonagricultural wage and salary workers has remained at a normal, sustainable level. The 4.3 percent year-over-year gain in April--a job increase of 447,000--brought the number of nonfarm workers in the State to 10,929,900. The service and trade sectors continue to gain strongly. Each saw a year-over-year increase in April of 6.1 percent. In fact, these two sectors alone, which represent some 48 percent of all employment, accounted for two-thirds of all new jobs over the past 12 months. Construction was also up strongly, with sustained activity through the entire first quarter. Employment in the manufacturing and government sectors appears to be on a plateau. Overall, the employment situation in California continues to be significantly better than that for the Nation, even though the recent rate of expansion is markedly slower than that achieved during 1984.

Personal income has reflected the employment situation. Estimates for total personal income in the first quarter indicate a 7.8 percent increase to $391.3 billion from the level a year ago. Wage and salary figures for the past year have reflected a number of diverse trends which have complicated analysis of income trends. The most important of these appears to be the containment of inflationary pressures. Average wage gains are sharply lower than in previous years. In some sectors, in fact, average wages have shown only minimal change in recent quarters. The situation is compounded by the strong employment advance, which undoubtedly has led to a downward shift in average wages as new hires enter at lower pay scales. Other factors, such as wage concessions in some industries, early retirement programs, a greater use of part-time workers, and changes in seasonal hiring, may also be distorting historical comparisons. Whatever the reasons, there does appear to have been a structural change which has altered unusal seasonal moves, creating a somewhat erratic quarterly pattern and making analysis of recent trends more difficult.

Other income components continue to rise at a low to moderate pace. The growth in interest has slowed considerably, reflecting declines since the start of the year in interest rates. Income from this source was apparently flat for the first quarter. It is estimated that dividends rose 6.3 percent on an annual basis during the first quarter. Rental income went up 7 percent. Transfer payments were up 13.5 percent, reflecting in large part the January 1 Social Security cost-of-living adjustment. Current preliminary figures confirm the earlier estimate that income rose to $371.1 billion for 1984, a gain of 11.2 percent from the 1983 level.

The California Consumer Price Index was up 4.5 percent between April 1984 and April 1985. This gain was slightly greater than the gain registered nationally. Inflation still seems to be under control, even though residential rents and transportation are causing some underlying pressures. Residential rents continue to account for much of the rise in the index. This component exhibited huge year-over-year gains in each of the three areas surveyed in California, and continues to out-pace homeowner costs. The transportation index, while up over 5 percent from year-to-year in the southern California regions, was up only 1.2 percent in the San Francisco/Oakland area. This component was affected by the large rise in gasoline prices during the month. Food and apparel prices have either decreased or increased only slightly in all three regions. Medical care costs continue to increase at rates of 3 to 7 percent.

Construction activity is still showing unexpected strength. Housing authorizations were at a 259,900 pace for the first four months of 1985, with the April level estimated at a 258,200 rate. The improvement can be attributed at least in part to the decline in mortgage interest rates since the start of the year.

Conventional mortgages are now available at approximately 13 percent, with adjustable rate mortgages below 12 percent. Beyond this, however, it is possible that tax reform discussion has stimulated building for investment purposes in anticipation of tighter depreciation rules for new construction in the future. Multi-family authorizations are up dramatically, with the first quarter of 1985 running 20 percent ahead of the year-earlier level. Single family activity, in contrast, was down 6.6 percent.

Housing activity should continue to be supported by the State's savings and loan associations, which remain in good financial condition overall. The recent drop in interest rates, with anticipation of another drop this year, should further increase the demand for funds.

Even after the strong finish in 1984, nonresidential building authorizations experienced large gains in January and February. The first two months of this quarter showed a gain of 25.7 percent over the year-earlier level. Nonresidential alterations and additions, and the hotel/motel sectors accounted for most of the increase. Building authorizations for offices were down slightly, reflecting the large vacancy rate for existing space.

Retail sales rose 8 percent from January 1984 to January 1985. They were up 5.8 percent for February, slightly under the 6.6 percent growth figure for the U.S. But these figures indicate a healthier economy for California than the disappointing figures from last December. New car sales increased 4.4 percent in January from the year-earlier level.

Questions on the impact of the proposed national tax reform plan on California continue to be raised. The many aspects to the proposal, interactions between various components, interstate effects, and the probability of further modifications as the program moves through Congress, make meaningful analysis all but impossible. It is probably safe to conclude that the reform will not result in any dramatic economic shifts of change in growth patterns, for the foreseeable future.

FR:0162C

## CURRENT CALIFORNIA ECONOMIC DATA

| | 1985 | | | | 1984 | | Percent Change |
|---|---|---|---|---|---|---|---|
| | April | March | February | January | April | March | April 1984-April 1985 |
| Employment[a] | | | | | | | |
| Civilian employment (000) | 11,877 | 11,928 | 11,950 | 11,886 | 11,434 | 11,372 | 3.9 |
| Unemployment (000) | 940 | 890 | 853 | 930 | 962 | 1,014 | -2.3 |
| Unemployment rate | 7.3 | 6.9 | 6.7 | 7.3 | 7.8 | 8.2 | -- |
| Nonagricultural wage and salary[a] employment[b] (000) | 10,929.9 | 10,896.5 | 10,895.1 | 10,855.3 | 10,482.9 | 10,444.6 | 4.3 |
| Mining | 51.6 | 50.9 | 50.8 | 50.9 | 49.7 | 50.2 | 3.8 |
| Construction | 492.4 | 488.5 | 493.1 | 481.4 | 436.9 | 435.0 | 12.7 |
| Manufacturing | 2,072.8 | 2,077.5 | 2,085.5 | 2,090.3 | 2,045.6 | 2,036.2 | 1.3 |
| Aerospace[c] | 735.3 | 738.5 | 736.5 | 736.4 | 703.0 | 698.0 | 4.6 |
| Transportation and public utilities | 572.1 | 571.4 | 572.9 | 569.7 | 545.0 | 547.1 | 5.0 |
| Trade | 2,641.1 | 2,627.8 | 2,619.2 | 2,604.1 | 2,488.1 | 2,479.7 | 6.1 |
| Finance, insurance, and real estate | 711.4 | 709.1 | 710.8 | 709.7 | 688.9 | 687.4 | 3.3 |
| Services | 2,653.7 | 2,635.1 | 2,629.0 | 2,618.7 | 2,500.4 | 2,482.1 | 6.1 |
| Government | | | | | | | |
| Federal | 337.4 | 337.5 | 338.6 | 337.3 | 331.7 | 331.0 | 1.7 |
| State and local | 1,397.4 | 1,398.7 | 1,395.2 | 1,393.2 | 1,396.6 | 1,395.9 | 0.1 |
| Hours and Earnings, Manufacturing | | | | | | | |
| Average weekly hours | 39.8 | 40.4 | 39.8 | 40.0 | 40.6 | 40.3 | -2.0 |
| Average weekly earnings | $399.99 | $404.81 | $397.20 | $399.60 | $393.41 | $388.90 | 1.7 |
| Average hourly earnings | $10.05 | $10.02 | $9.98 | $9.99 | $9.69 | $9.65 | 3.7 |
| Index of Leading Indicators | n.a. | 139.2 | 139.3 | 138.1 | 140.7 | 138.1 | -- |
| Trade[a] | | | | | | | |
| Retail sales (millions) | n.a. | n.a. | $13,707 | $13,717 | $12,448 | $12,954 | -- |
| New auto registrations (number) | n.a. | n.a. | n.a. | 101,359 | 89,582 | 95,513 | -- |
| New Incorporations (number)[a] | 5,314 | 4,995 | 5,062 | 4,938 | 5,462 | 5,197 | -2.7 |
| Consumer Price Index, all items[d] | | | | | | | |
| California average (1967=100) | 325.0 | -- | 322.9 | -- | 311.0 | -- | 4.5 |
| San Francisco (1967=100) | 330.4 | -- | 328.7 | -- | 316.4 | -- | 4.4 |
| Los Angeles (1967=100) | 315.9 | 314.7 | 314.1 | 313.0 | 302.8 | 300.7 | 4.3 |
| San Diego (1967=100) | -- | 369.2 | -- | 364.1 | -- | 349.3 | -- |
| Production | | | | | | | |
| Petroleum (000 barrels daily) | n.a. | n.a. | 1,156.0 | 1,133.0 | 1,118.6 | 1,114.0 | -- |
| Portland cement (000 short tons) | | 719.0 | 691.9 | 711.0 | 767.7 | 767.5 | -- |
| Raw steel (000 net tons) | 35.1 | 36.3 | 28.5 | 29.3 | 37.6 | 38.2 | -6.6 |
| Selected redwood mill production (mil. FBM) | n.a. | 68.2 | 64.5 | 71.9 | 70.3 | 64.4 | -- |
| Construction[a] | | | | | | | |
| Private residential housing units authorized, SAAR (000) | 258.2 | 265.1 | 261.6 | 254.7 | 230.0 | 244.7 | 12.3 |
| Nonresidential building authorized, valuation (millions) | n.a. | n.a. | $2,052.8 | $1,082.2 | $726.9 | $695.8 | -- |

---

[a] Adjusted for seasonal variation.

[b] Interim series of wage and salary workers. This unofficial series is adjusted for the latest tabulations of unemployment insurance coverage and approximates what the official data will be when estimates are updated at year enc

[c] The Interim Series does not give a breakdown for aerospace employment. These values are from the EDD official employment series, and are not seasonally adjusted.

[d] All urban series. New basis since January 1983.

n.a. Not available

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# ECONOMIC INDICATOR CHARTS

Series classification as leading or coincident indicators generally follows that established by the National Bureau of Economic Research. The exceptions to this are production worker man-hours, insured unemployment, manufacturing employment, and taxable sales. These series are discussed in the technical note below.

Data are plotted either monthly or quarterly. The Arabic numeral in the right hand corner of each graph indicates the latest month or quarter for which the data are plotted (e.g.: 1 = January or first quarter). The basic data tables indicate the frequency of each of the series plotted.

## TECHNICAL NOTE

Whenever appropriate, data used in the charts have been seasonally adjusted. The series on average weekly hours of production workers in manufacturing and production worker man-hours are adjusted by the Bureau of Labor Statistics method. Other series have been adjusted by the Bureau of the Census (Shiskin) method. Persons interested in a detailed description of these methods are referred to the U.S. Department of Labor, Bureau of Labor Statistics, the BLS Seasonal Factor Method (1964); and the U.S. Department of Commerce, Bureau of the Census, Technical Paper No. 15, The X-11 Variant of the Census Method II, Seasonal Adjustment Program (November 1965.)

Under the Census Bureau seasonal method, the addition of new data points changes historical seasonal factors. To avoid monthly data changes in the California Economic Indicators it is necessary to "freeze" the seasonally adjusted data through the past year and manually compute current year values from the projected seasonal factors. Thus historical revisions will be incorporated annually.

### Production Worker Man-Hours

This series is a substitute for the man-hours in nonagricultural establishments series used in the Census Bureau's publication, Business Cycle Developments. It is the cross product of average weekly hours of production workers in manufacturing and manufacturing employment. Workweek data are a leading indicator. Manufacturing employment appears to be a coincident indicator, although at times it seems to lead economic downturns. Because of this, the man-hours series has been classified in the present publication as a leading indicator.

### Insured Unemployment

The series on total insured unemployment is being used rather than the insured unemployment rate included in the Census Bureau's indicator list. The insured rate is available only with a lag of nine months, which precludes its usefulness as a current indicator.

### Manufacturing Employment

This series is also an addition to the Census Bureau indicator list. It was used here because it appears to show cyclical fluctuations clearly and extends the limited number of series presently available for the State.

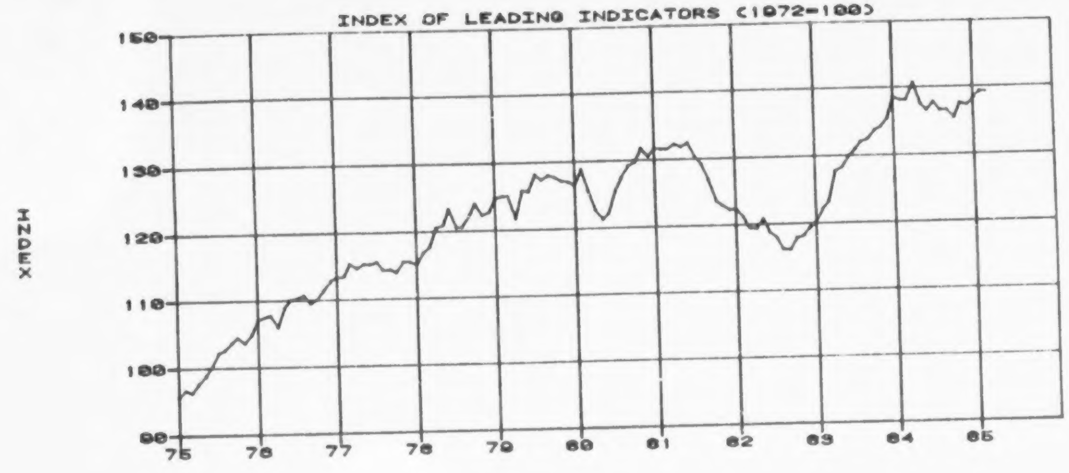
### Taxable Sales

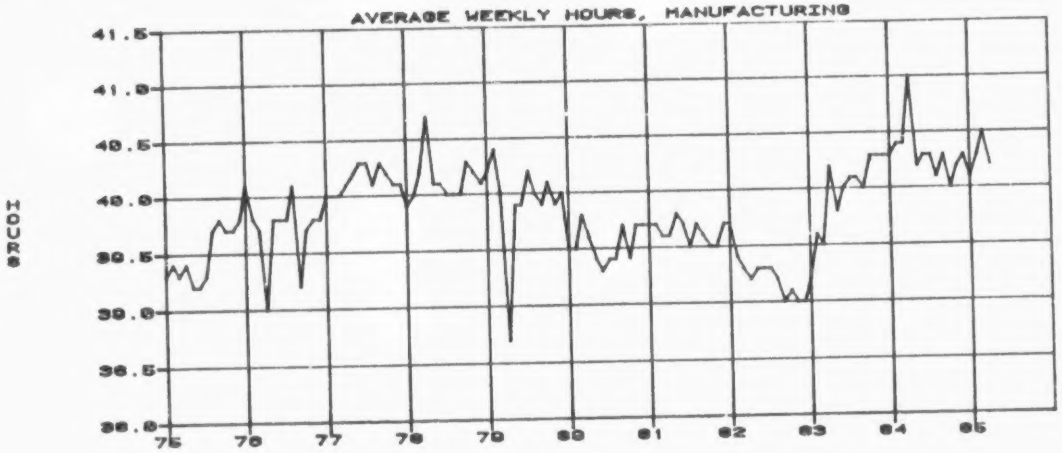
Taxable sales are used here as a proxy for retail trade. Data on the latter are not available for California prior to 1964. The taxable series includes sales by both retail and wholesale establishments, and is therefore a broad indicator of business activity. It has been classified as a coincident indicator on the basis of fluctuations in the series since 1950.

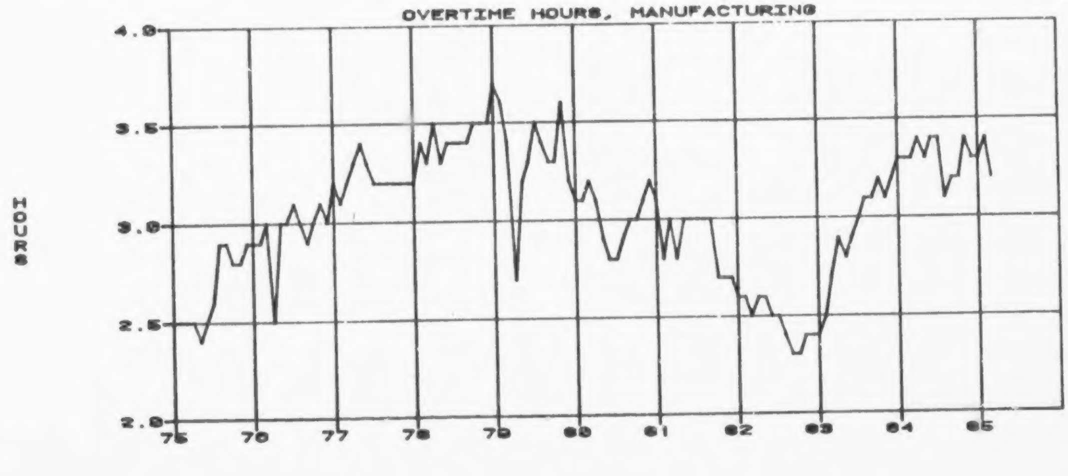
The other indicators shown are for general interest only. They are not directly related to the cyclical indicator series, but will be of interest to persons looking at overall economic developments.

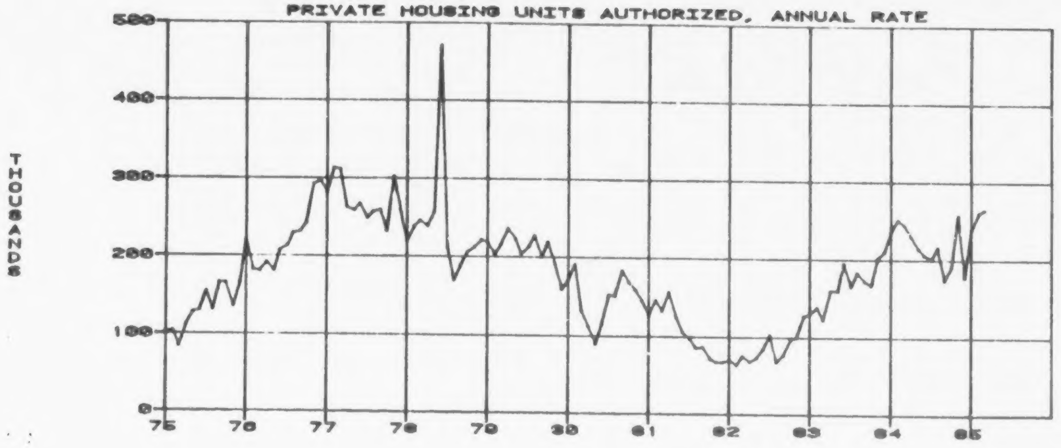
### Standard Abbreviations

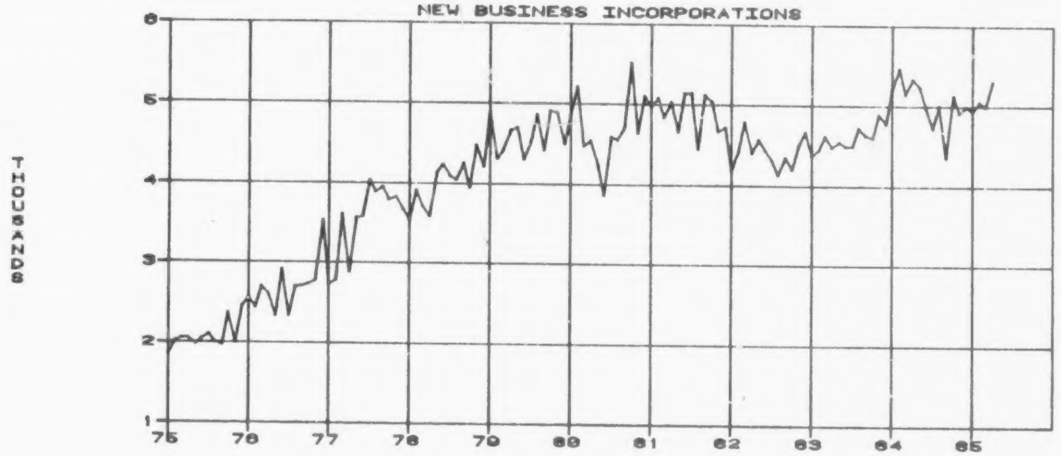
| | | | |
|---|---|---|---|
| n.a. | Not available | p | Preliminary |
| e | Estimate | r | Revised |

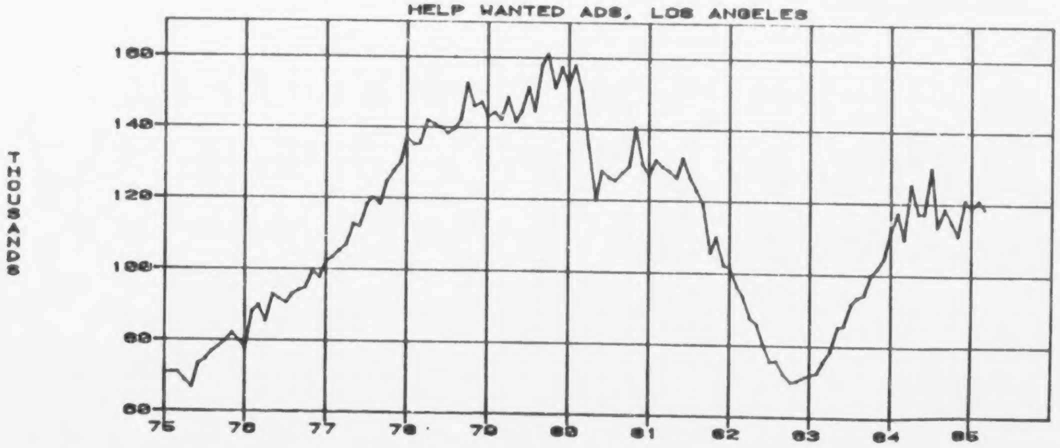

INDEX OF LEADING INDICATORS (1972=100)
INDEX
150
140
130
120
110
100
90
75
76
77
78
79
80
81
82
83
84
85

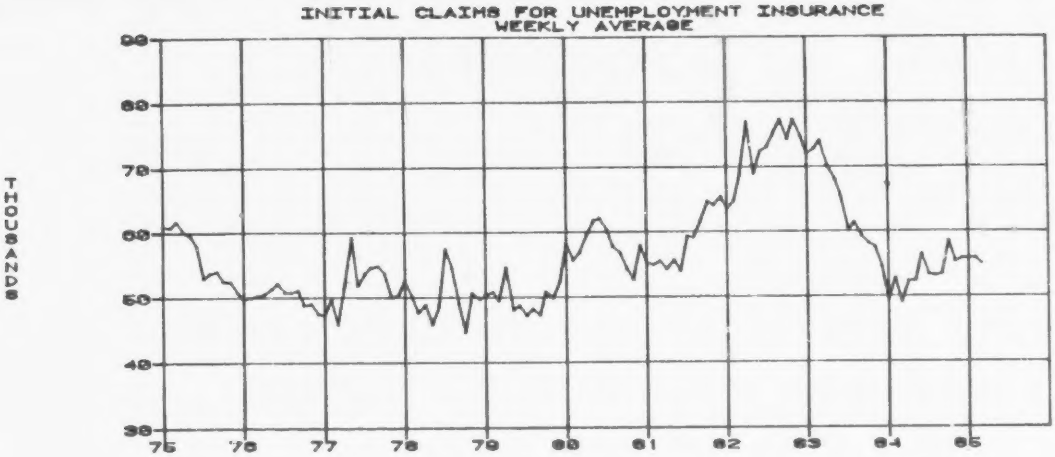

AVERAGE WEEKLY HOURS, MANUFACTURING
HOURS
41.5
41.0
40.5
40.0
39.5
39.0
38.5
38.0
75
76
77
78
79
80
81
82
83
84
85


OVERTIME HOURS, MANUFACTURING
HOURS
4.0
3.5
3.0
2.5
2.0
75
76
77
78
79
80
81
82
83
84
85


PRIVATE HOUSING UNITS AUTHORIZED, ANNUAL RATE


NEW BUSINESS INCORPORATIONS


HELP WANTED ADS, LOS ANGELES


INITIAL CLAIMS FOR UNEMPLOYMENT INSURANCE
WEEKLY AVERAGE
THOUSANDS
90
80
70
60
50
40
30
75
76
77
78
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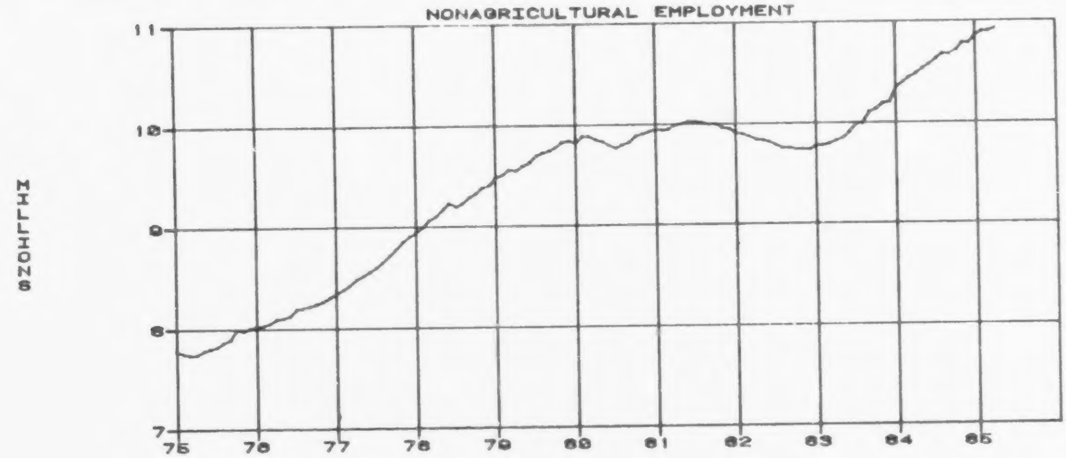
80
81
82
83
84
85


NONAGRICULTURAL EMPLOYMENT
MILLIONS
11
10
9
8
7
75
76
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78
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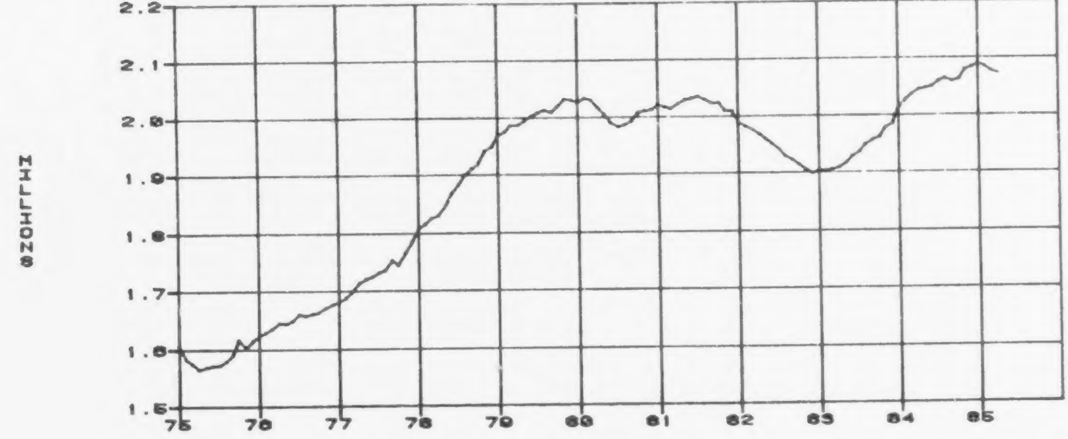
83
84
85


MANUFACTURING EMPLOYMENT
MILLIONS
2.2
2.1
2.0
1.9
1.8
1.7
1.6
1.5
75
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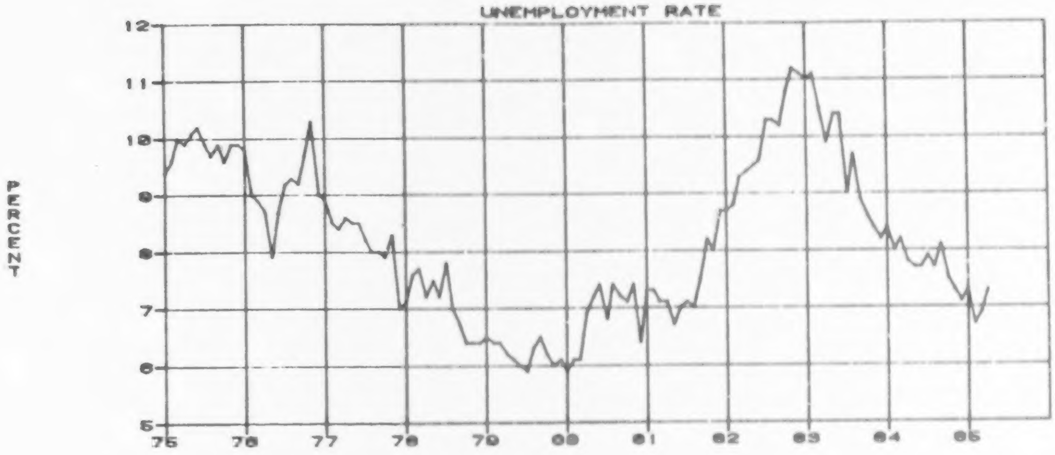
UNEMPLOYMENT RATE
PERCENT
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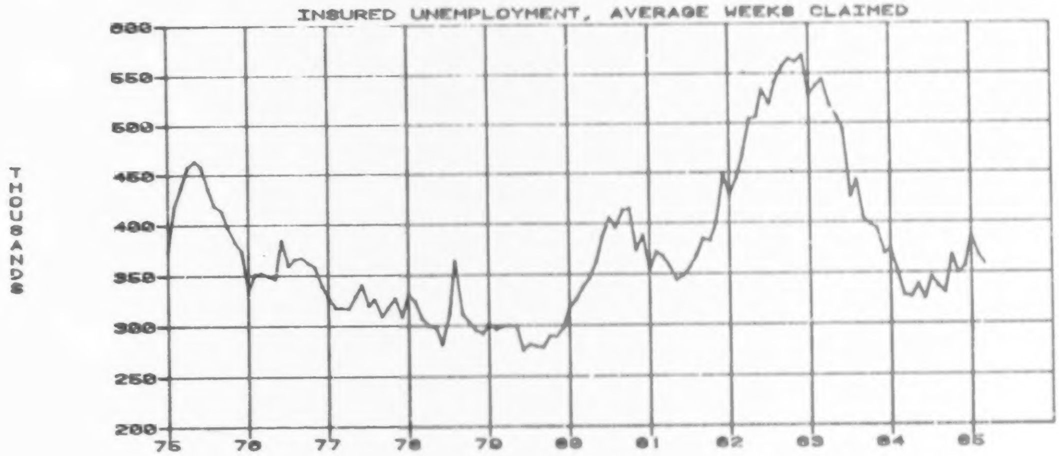
INSURED UNEMPLOYMENT, AVERAGE WEEKS CLAIMED
THOUSANDS
600
550
500
450
400
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300
250
200
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77
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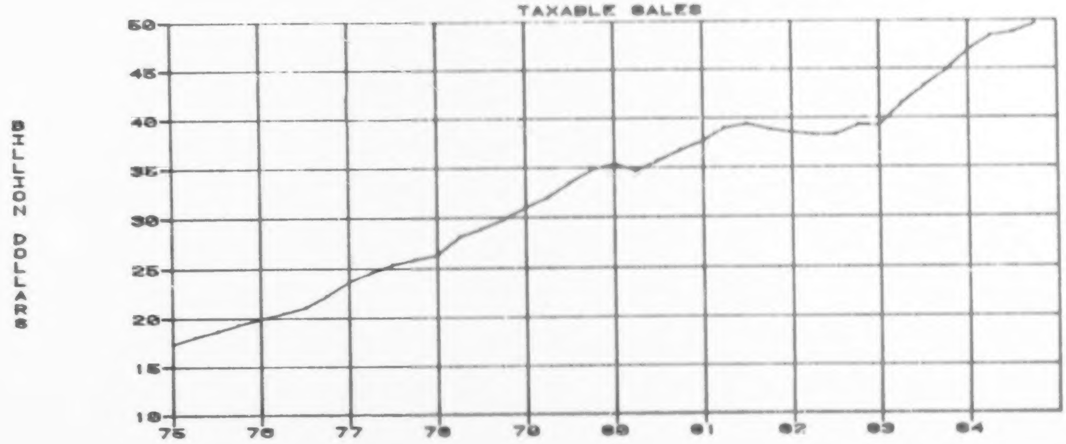
85


TAXABLE SALES
BILLION DOLLARS
50
45
40
35
30
25
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15
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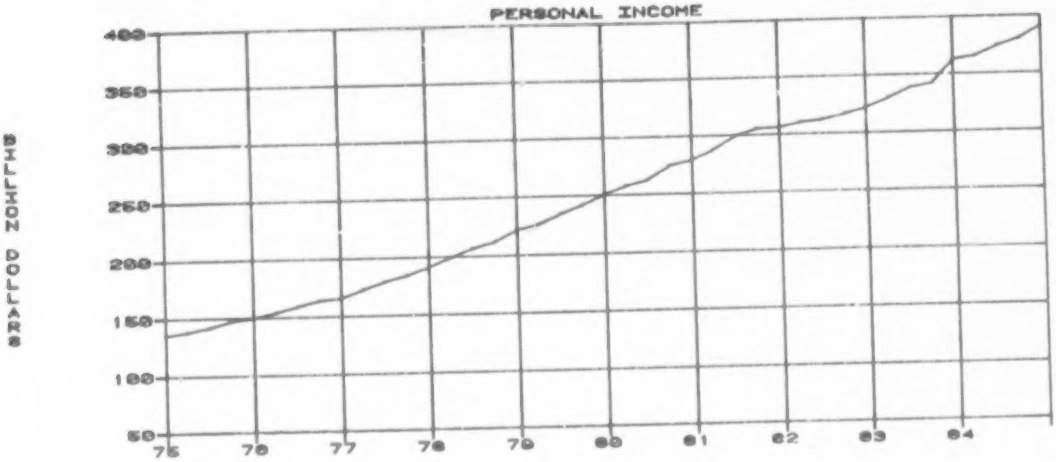
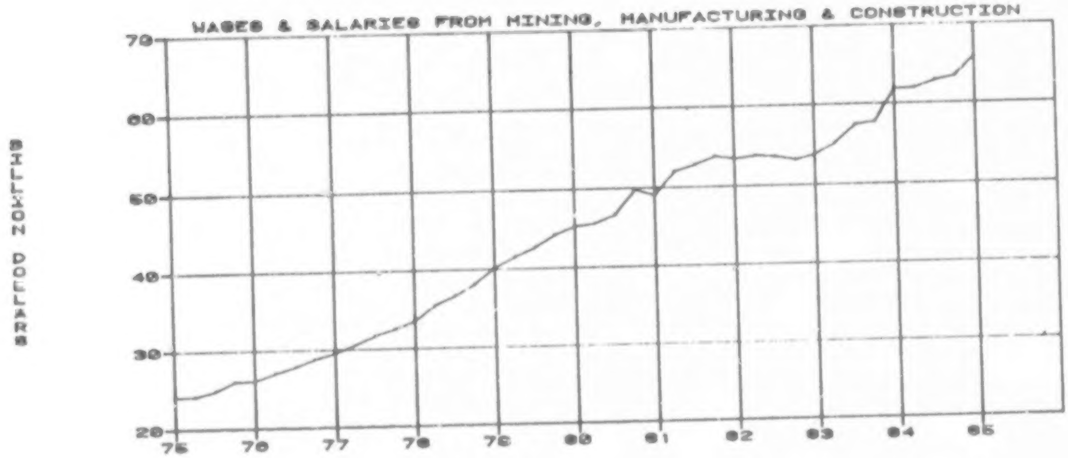
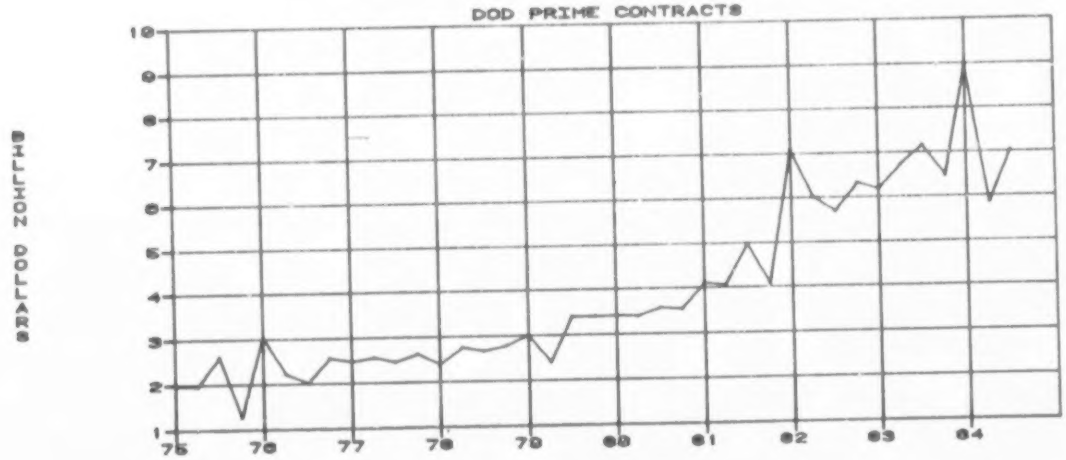
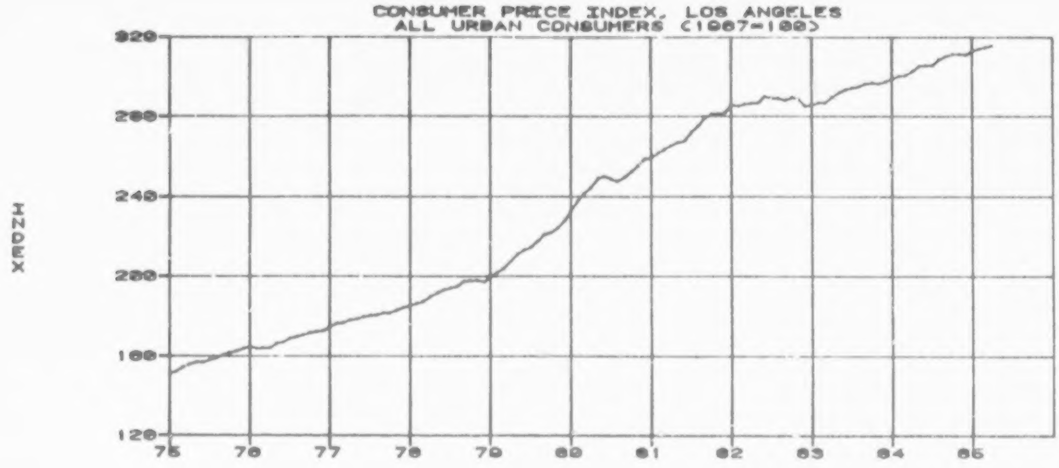
84

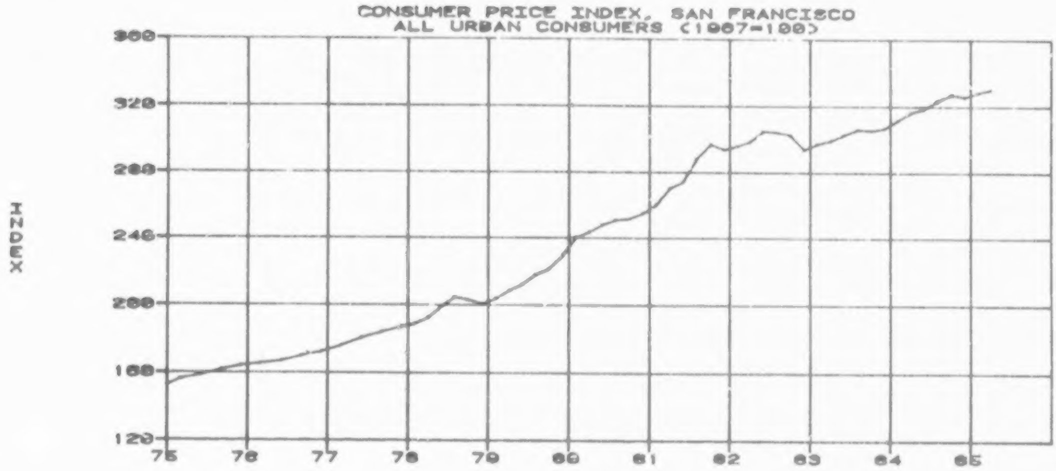

PERSONAL INCOME


WAGES & SALARIES FROM MINING, MANUFACTURING & CONSTRUCTION

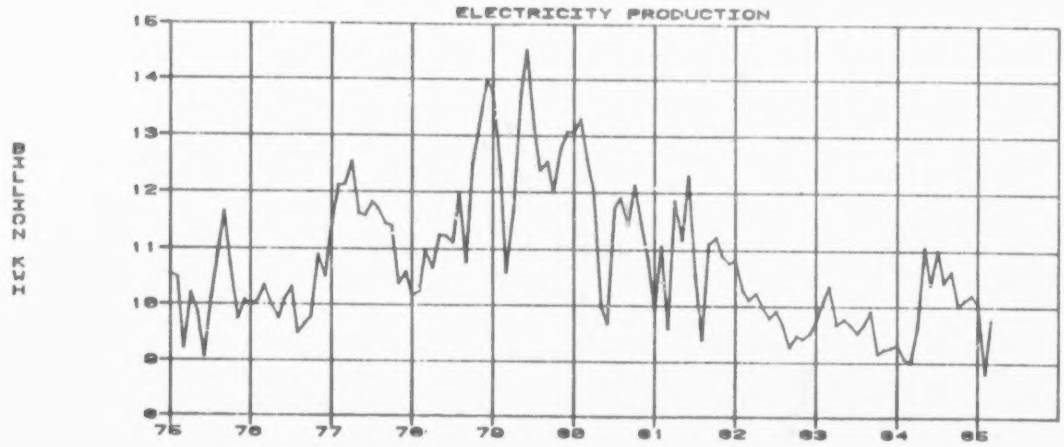

DOD PRIME CONTRACTS



CONSUMER PRICE INDEX, LOS ANGELES
ALL URBAN CONSUMERS (1967=100)



CONSUMER PRICE INDEX, SAN FRANCISCO
ALL URBAN CONSUMERS (1967=100)



ELECTRICITY PRODUCTION

## BASIC DATA FOR CALIFORNIA ECONOMIC SERIES
(Seasonally Adjusted Except as Noted)

| | Leading Indicators | | | | | | |
|---|---|---|---|---|---|---|---|
| Year and Month | Index of Leading Indicators (1972=100) | Average Weekly Hours, Manufacturing | Help Wanted Ads--Los Angeles Area (thousands) | Initial Claims for Unemployment Insurance Weekly Avg. (thousands) | Overtime Hours Manufacturing | Total Housing Units Authorized (thousands) a/ | New Business Incorporations |
| 1981 | | | | | | | |
| January | 129.8 | 39.7 | 127.1 | 55.8 | 3.2 | [illegible] | 4,972 |
| February | 129.7 | 39.7 | 131.1 | 55.0 | 2.8 | 148.2 | 5,084 |
| March | 130.0 | 39.6 | 129.7 | 55.8 | 3.0 | 130.9 | 4,842 |
| April | 130.3 | 39.6 | 128.4 | 54.4 | 2.7 | 158.5 | 5,037 |
| May | 129.9 | 39.8 | 126.0 | 55.8 | 3.0 | [illegible] | 4,662 |
| June | 130.4 | 39.7 | 131.9 | 54.0 | 3.0 | 109.5 | 5,139 |
| July | 128.5 | 39.5 | 126.4 | 59.5 | 3.0 | 96.2 | 5,153 |
| August | 127.6 | 39.7 | 123.3 | 59.2 | 3.0 | 86.3 | 4,451 |
| September | 125.7 | 39.6 | 119.4 | 61.7 | 3.0 | 83.6 | 5,126 |
| October | 122.3 | 39.5 | 106.5 | 64.4 | 2.7 | 68.1 | 5,033 |
| November | 122.3 | 39.5 | 110.7 | 63.6 | 2.7 | 64.5 | 4,674 |
| December | 121.8 | 39.7 | 102.6 | 64.9 | 2.7 | 67.7 | 4,730 |
| 1982 | | | | | | | |
| January | 121.2 | 39.7 | 101.2 | 64.5 | 2.6 | 72.4 | 4,184 |
| February | 119.9 | 39.4 | 95.7 | 64.8 | 2.6 | 66.0 | 4,438 |
| March | 118.8 | 39.3 | 93.5 | 69.1 | 2.5 | 74.3 | 4,794 |
| April | 118.1 | 39.2 | 87.6 | 76.8 | 2.5 | 70.3 | 4,407 |
| May | 119.4 | 39.3 | 85.3 | 69.1 | 2.6 | 78.1 | 4,575 |
| June | 117.4 | 39.3 | 80.1 | 72.3 | 2.5 | 90.9 | 4,445 |
| July | 117.0 | 39.3 | 75.2 | 73.2 | 2.4 | 101.0 | 4,312 |
| August | 115.2 | 39.2 | 75.8 | 74.9 | 2.4 | 68.5 | 4,128 |
| September | 115.6 | 39.0 | 72.3 | 76.9 | 2.3 | 73.4 | 4,358 |
| October | 117.0 | 39.1 | 70.7 | 73.4 | 2.4 | 88.7 | 4,200 |
| November | 117.9 | 39.0 | 70.8 | 76.2 | 2.4 | 93.4 | 4,498 |
| December | 119.1 | 39.0 | 71.6 | 73.8 | 2.4 | 127.5 | 4,674 |
| 1983 | | | | | | | |
| January | 120.2 | 39.2 | 71.7 | 73.8 | 2.4 | 130.9 | 4,375 |
| February | 122.2 | 39.6 | 71.9 | 72.7 | 2.5 | 141.7 | 4,444 |
| March | 123.4 | 39.5 | 75.4 | 74.5 | 2.7 | 116.9 | 4,619 |
| April | 127.7 | 40.1 | 78.6 | 70.0 | 2.8 | 160.1 | 4,486 |
| May | 128.3 | 39.8 | 84.4 | 68.2 | 2.8 | 167.1 | 4,548 |
| June | 129.7 | 39.9 | 85.4 | 65.5 | 2.9 | 208.4 | 4,496 |
| July | 130.9 | 40.0 | 91.2 | 60.4 | 2.9 | 157.3 | 4,491 |
| August | 131.9 | 40.1 | 93.6 | 61.2 | 3.1 | 174.6 | 4,732 |
| September | 132.4 | 40.0 | 94.6 | 59.0 | 3.1 | 158.9 | 4,633 |
| October | 133.7 | 40.3 | 101.3 | 57.4 | 3.3 | 145.8 | 4,602 |
| November | 134.1 | 40.3 | 103.1 | 56.8 | 3.1 | 186.3 | 4,901 |
| December | 135.4 | 40.2 | 105.6 | 54.0 | 3.2 | 215.5 | 4,775 |
| 1984 | | | | | | | |
| January | 138.5 | 40.3 | 112.0 | 49.5 | 3.3 | 235.8 | 5,204 |
| February | 138.1 | 40.4 | 117.4 | 52.8 | 3.3 | 250.9 | 5,473 |
| March | 138.1 | 40.4 | 110.0 | 49.1 | 3.3 | 244.7 | 5,148 |
| April | 140.7 | 41.0 | 125.2 | 52.3 | 3.4 | 230.0 | 5,337 |
| May | 137.6 | 40.2 | 117.2 | 52.5 | 3.3 | 215.0 | 5,241 |
| June | 136.6 | 40.3 | 117.2 | 56.4 | 3.4 | 206.8 | 4,987 |
| July | 137.8 | 40.3 | 130.0 | 53.4 | 3.4 | 200.7 | 4,729 |
| August | 136.5 | 40.1 | 113.7 | 53.2 | 3.1 | 216.1 | 5,015 |
| September | 136.6 | 40.3 | 118.6 | 53.5 | 3.2 | 174.4 | 4,367 |
| October | 135.3 | 40.0 | 114.8 | 58.6 | 3.2 | 191.5 | 5,132 |
| November | 137.6 | 40.2 | 111.2 | 55.4 | 3.4 | 256.9 | 4,921 |
| December | 137.3 | 40.3 | 120.9 | 55.9 | 3.3 | 177.6 | 4,993 |
| 1985 | | | | | | | |
| January | 138.1 | 40.1 | 118.8 | 56.0 | 3.3 | 238.1 | 4,938 |
| February | 139.3 | 40.0 | 118.2 | 55.8 | 3.4 | 260.0 | 5,062 |
| March | 139.2 | 40.5 | 118.7 | 55.1 | 3.2 | 265.1 | 4,995 |
| April | | 40.2 | | | | 258.2 | 5,314 |

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a/Annual rate basis.

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BASIC DATA FOR CALIFORNIA ECONOMIC SERIES (Continued)
(Seasonally Adjusted Except as Noted)

| | Coincident Indicators | | | | | | Other Indicators |
|---|---|---|---|---|---|---|---|
| Year and Month | Nonagricultural Employment (thousands) | Wages and Salaries in Mining, Manufacturing and Construction (mil dol.) a/ | Unemployment Rate | Insured Unemployment Average Weeks Claimed (thousands) | Personal Income (mil dol.) a/ | Taxable Sales (mil dol.) a/ | Manufacturing Employment (thousands) |
| 1981 | | | | | | | |
| January | 9,950.1 | | 7.3 | 354 | | | 2,021.1 |
| February | 9,945.4 | 49,060 | 7.3 | 372 | 278,922 | 37,723 | 2,018.3 |
| March | 9,947.8 | | 7.1 | 368 | | | 2,015.2 |
| April | 9,996.9 | | 7.1 | 357 | | | 2,023.6 |
| May | 10,011.1 | 51,807 | 6.6 | 344 | 287,721 | 39,014 | 2,030.3 |
| June | 10,025.6 | | 6.9 | 348 | | | 2,031.7 |
| July | 10,020.1 | | 7.3 | 356 | | | 2,035.1 |
| August | 10,017.6 | 52,737 | 6.9 | 367 | 300,325 | 39,464 | 2,031.0 |
| September | 10,003.0 | | 7.6 | 384 | | | 2,024.2 |
| October | 10,004.0 | | 8.2 | 382 | | | 2,025.3 |
| November | 9,964.9 | 54,052 | 8.0 | 400 | 305,795 | 38,858 | 2,010.7 |
| December | 9,953.0 | | 8.7 | 448 | | | 2,009.5 |
| 1982 | | | | | | | |
| January | 9,901.7 | | 8.7 | 428 | | | 1,990.3 |
| February | 9,897.2 | 53,629 | 8.8 | 445 | 305,460 | 38,538 | 1,982.5 |
| March | 9,875.0 | | 9.3 | 467 | | | 1,977.6 |
| April | 9,844.5 | | 9.4 | 504 | | | 1,968.7 |
| May | 9,835.5 | 53,676 | 9.5 | 506 | 310,246 | 38,309 | 1,959.3 |
| June | 9,821.2 | | 9.6 | 534 | | | 1,951.0 |
| July | 9,786.7 | | 10.3 | 519 | | | 1,941.6 |
| August | 9,757.4 | 53,277 | 10.3 | 542 | 313,398 | 38,354 | 1,930.2 |
| September | 9,756.8 | | 10.2 | 557 | | | 1,923.0 |
| October | 9,745.5 | | 10.8 | 565 | | | 1,913.7 |
| November | 9,744.0 | 53,342 | 11.2 | 562 | 317,323 | 39,293 | 1,905.8 |
| December | 9,736.5 | | 11.1 | 568 | | | 1,899.3 |
| 1983 | | | | | | | |
| January | 9,782.8 | | 11.0 | 529 | | | 1,903.4 |
| February | 9,778.3 | 53,824 | 11.1 | 538 | 321,331 | 39,269 | 1,904.4 |
| March | 9,796.1 | | 10.5 | 544 | | | 1,905.8 |
| April | 9,828.3 | | 9.9 | 519 | | | 1,909.1 |
| May | 9,855.1 | 55,174 | 10.4 | 506 | 330,190 | 41,515 | 1,917.6 |
| June | 9,907.0 | | 10.4 | 494 | | | 1,928.4 |
| July | 9,993.8 | | 9.0 | 426 | | | 1,937.2 |
| August | 9,998.0 | 57,427 | 9.7 | 443 | 340,516 | 43,357 | 1,948.9 |
| September | 10,103.2 | | 8.9 | 404 | | | 1,956.9 |
| October | 10,140.4 | | 8.6 | 398 | | | 1,963.1 |
| November | 10,187.2 | 57,812 | 8.4 | 394 | 342,928 | 44,943 | 1,978.4 |
| December | 10,204.8 | | 8.2 | 369 | | | 1,985.2 |
| 1984 | | | | | | | |
| January | 10,339.2 | | 8.4 | 374 | | | 2,013.9 |
| February | 10,396.9 | 61,906 | 8.0 | 349 | 362,929 | 46,934 | 2,027.7 |
| March | 10,444.6 | | 8.2 | 328 | | | 2,036.2 |
| April | 10,482.9 | | 7.8 | 326 | | | 2,045.6 |
| May | 10,533.1 | 61,946 | 7.7 | 338 | 366,247 | 48,455 | 2,047.5 |
| June | 10,569.9 | | 7.7 | 324 | | | 2,050.0 |
| July | 10,626.0 | | 7.9 | 346 | | | 2,059.8 |
| August | 10,679.4 | 62,836 r/ | 7.7 | 337 | 373,904 r/ | 48,772 | 2,064.6 |
| September | 10,669.5 | | 8.1 | 330 | | | 2,059.0 |
| October | 10,708.3 | | 7.5 | 367 | | | 2,062.6 |
| November | 10,777.7 | 63,389 r/ | 7.3 | 349 | 381,312 r/ | 49,692 | 2,079.3 |
| December | 10,780.6 | | 7.1 | 356 | | | 2,084.1 |
| 1985 | | | | | | | |
| January | 10,855.3 | | 7.3 | 386 | | | 2,090.3 |
| February | 10,895.1 | 65,837 | 6.7 | 368 | 391,318 | | 2,085.5 |
| March | 10,896.5 | | 6.9 | 358 | | | 2,077.5 |
| April | 10,929.9 | | 7.3 | | | | 2,072.8 |

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a/Annual rate basis.
r/Revised
FR:0163C2

## BASIC DATA FOR CALIFORNIA ECONOMIC SERIES (Continued)
(Seasonally Adjusted Except as Noted)

| | Other Indicators | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Consumer Price Index (1967=100)[b] | | | | | |
| | | San Francisco | | Los Angeles | | | |
| Year and Month | DOD Prime Contracts (mil dol.)[a] | Wage Earner and Clerical Worker | All Urban | Wage Earner and Clerical Worker | All Urban | Net New S&L Savings[b] (mil dol.) | Electricity Production (mil KWH) |
| 1981 | | | | | | | |
| July | | -- | -- | 276.3 | 272.2 | -1,019 | 10,527 |
| August | 4,979 | 287.2 | 287.9 | 278.6 | 274.8 | -1,015 | 9,394 |
| September | | -- | -- | 282.9 | 279.3 | -540 | 11,112 |
| October | | 295.6 | 297.0 | 284.9 | 281.3 | 667 | 11,222 |
| November | 4,078 | -- | -- | 285.3 | 281.6 | -384 | 10,897 |
| December | | 292.7 | 294.0 | 285.9 | 282.1 | -109 | 10,754 |
| 1982 | | | | | | | |
| January | | -- | -- | 289.6 | 285.6 | 384 | 10,823 |
| February | 7,080 | 294.9 | 295.8 | 289.2 | 285.4 | 172 | 10,285 |
| March | | -- | -- | 290.2 | 286.4 | -180 | 10,114 |
| April | | 297.8 | 298.8 | 290.3 | 286.6 | -1,084 | 10,223 |
| May | 6,020 | -- | -- | 290.6 | 287.1 | -46 | 9,973 |
| June | | 303.4 | 304.6 | 293.9 | 290.1 | -1,139 | 9,795 |
| July | | -- | -- | 293.0 | 289.3 | -142 | 9,916 |
| August | 5,683 | 302.8 | 304.3 | 292.8 | 289.1 | -411 | 9,676 |
| September | | -- | -- | 291.7 | 288.2 | 78 | 9,275 |
| October | | 301.3 | 302.4 | 292.8 | 289.5 | -614 | 9,471 |
| November | 6,326 | -- | -- | 291.6 | 288.5 | 779 | 9,413 |
| December | | 293.6 | 293.9 | 288.0 | 285.3 | 3,492 | 9,515 |
| 1983 | | | | | | | |
| January | | -- | -- | 288.0 | 285.6 | 5,803 | 9,731 |
| February | 6,173 | 293.9 | 297.3 | 290.1 | 286.8 | 2,738 | 10,094 |
| March | | -- | -- | 289.6 | 287.1 | 1,992 | 10,360 |
| April | | 294.7 | 299.3 | 290.2 | 289.5 | 2,301 | 9,683 |
| May | 6,740 | -- | -- | 292.1 | 292.0 | 2,381 | 9,767 |
| June | | 298.6 | 303.0 | 292.1 | 293.6 | 1,043 | 9,675 |
| July | | -- | -- | 293.2 | 294.5 | 2,066 | 9,533 |
| August | 7,157 | 301.6 | 306.0 | 293.7 | 295.2 | 3,207 | 9,658 |
| September | | -- | -- | 296.7 | 296.4 | 3,476 | 9,920 |
| October | | 301.4 | 305.7 | 299.0 | 297.0 | 1,678 | 9,155 |
| November | 6,462 | -- | -- | 297.8 | 296.5 | 273 | 9,231 |
| December | | 306.1 | 307.3 | 299.9 | 297.7 | 2,227 | 9,269 |
| 1984 | | | | | | | |
| January | | -- | -- | 297.9 | 299.1 | 3,508 | 9,318 |
| February | 8,930 | 308.7 | 311.7 | 299.0 | 300.2 | 1,754 | 9,066 |
| March | | -- | -- | 297.9 | 300.7 | 3,167 | 9,001 |
| April | | 311.1 | 316.4 | 298.9 | 302.8 | 3,393 | 9,618 |
| May | 5,843 | -- | -- | 303.1 | 305.4 | 5,312 | 11,054 |
| June | | 315.1 | 318.7 | 303.4 | 305.6 | 3,322 | 10,385 |
| July | | -- | -- | 300.3 | 305.9 | 3,244 | 11,006 |
| August | 7,045 | 322.7 | 323.4 | 305.1 | 308.6 | -970 | 10,425 |
| September | | -- | -- | 304.2 | 310.2 | -159 | 10,633 |
| October | | 319.3 | 327.5 | 302.5 | 311.9 | 2,260 | 10,012 |
| November | | -- | -- | 304.2 | 311.8 | 1,434 | 10,108 |
| December | | 321.5 | 325.8 | 306.5 | 311.1 | 2,224 | 10,205 |
| 1985 | | | | | | | |
| January | | -- | -- | 308.1 | 313.0 | 785 | 10,046 |
| February | | 324.2 | 328.7 | 309.1 | 314.1 | -2,448 | 8,800 |
| March | | -- | -- | 309.8 | 314.7 | | 9,774 |
| April | | 326.1 | 330.4 | 311.2 | 315.9 | | |

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[a] Quarterly data.
[b] Not adjusted for seasonal variation.
[r] Revised.

# CHRONOLOGY

The following summary lists economic, political, and natural developments which have influenced California economic indicators, and may account for unusual movements in the series. Appraisal of the charts will be facilitated in many cases by taking into consideration those factors which may be contributing to temporary directional changes in business activity which are not indicative of significant changes in the economic situation of the State. In addition, major national events of general interest have also been included.

## 1969

| | |
|---|---|
| January 1 | Social security contribution rate increased to combined 9.6 percent. |
| January 7 | Prime rate raised from 6-3/4 percent to 7 percent. |
| January 24 | FHA interest rate raised from 6-3/4 percent to 7-1/2 percent. |
| March 17 | Prime rate raised from 7 percent to 7-1/2 percent. |
| April 3 | Discount rate raised from 5-1/2 percent to 6 percent; reserve requirement raised. |
| June 9 | Prime rate raised from 7-1/2 percent to 8-1/2 percent. |
| June 12 | Required liquidity reserves of savings and loan associations lowered from 6-1/2 percent to 6 percent. |
| October 27-February 1970 | General Electric strike. |

## 1970

| | |
|---|---|
| January 1 | Personal income tax surcharge reduced to 5 percent. Withholding cut. |
| January 5 | FHA interest rate raised from 7-1/2 percent to 8-1/2 percent. |
| January 21 | Increased schedule of interest rates on time deposits and certificates of deposit in effect. |
| March 25 | Prime rate reduced from 8-1/2 percent to 8 percent. |
| April 2-June 2 | Teamster strike. |
| May 6 | Stock margin requirement cut from 80 percent to 65 percent. |
| July 1 | Personal income tax surcharge removed. |
| September 14-November 23 | UAW strike against GM. |
| September 22 | Prime rate reduced from 8 percent to 7-1/2 percent. |

## 1970--Continued

| | |
|---|---|
| November 10 | Discount rate reduced from 6 percent to 5-3/4 percent. |
| November 12 | Prime rate reduced from 7-1/2 percent to 7-1/4 percent. |
| November 23 | Prime rate reduced from 7-1/4 percent to 7 percent. |
| December 1 | Discount rate reduced from 5-3/4 percent to 5-1/2 percent. FHA interest rate reduced from 8-1/2 percent to 8 percent. |
| December 20 | 13-week extended duration unemployment benefits in effect. |
| December 22 | Prime rate reduced from 7 percent to 6-3/4 percent. |

## 1971

| | |
|---|---|
| January 6 | Prime rate reduced from 6-3/4 percent to 6-1/2 percent. |
| January 8 | Discount rate reduced from 5-1/2 percent to 5-1/4 percent. |
| January 12 | FHA interest rate reduced from 8 percent to 7-1/2 percent. |
| January 15 | Prime rate reduced from 6-1/2 percent to 6-1/4 percent. |
| January 18 | Prime rate reduced from 6-1/4 percent to 6 percent. |
| January 19 | Discount rate reduced from 5-1/4 percent to 5 percent. |
| February 4 | Rolls Royce bankruptcy announced. |
| February 9 | Los Angeles earthquake. |
| February 12 | Discount rate reduced from 5 percent to 4-3/4 percent. |
| February 16 | Prime rate reduced from 6 percent to 5-3/4 percent. |
| February 23 | Davis Bacon Act regulating construction wages on Federal projects suspended. Suspension revoked on March 29. Wage-price curbs ordered. |

### 1971--Continued

| | |
|---|---|
| March 16 | Prime rate reduced from 5-3/4 percent to 5-1/2 percent. |
| March 17 | Social security bill signed. Benefits raised 10 percent, retroactive to Jaunary 1, 1971. Contribution base raised to $9,000 effective January 1, 1972. |
| March 25 | SST program terminated. |
| April 1 | Interest rates on savings accounts in California banks generally reduced from 4-1/2 percent to 4 percent. |
| April 23 | Prime rate raised from 5-1/4 percent to 5-1/2 percent. |
| May 1 | Liquidity ratio for savings and loan associations raised from 6-1/2 percent to 7-1/2 percent. |
| May 17-18 | Rail strike. |
| June 1-July 27 | Communications workers strike against Western Union. |
| June 15-21 | Prime rate increased from 5-1/2 percent to 5-3/4 percent. General rise to 6 percent on July 7. |
| June 29-July 16 | Northern California construction strike. |
| July 1-October 6 | West Coast dock strike. |
| July 14-August 2 | Telephone strike. |
| July 15 | Discount rate raised from 4-3/4 percent to 5 percent. |
| July 16-August 2 | Rail strike. |
| July 31 | Steel strike averted by accord on contract. |
| August 2 | Lockheed loan guarantee approval. |
| August 3 | Teamsters walkout in Northern California against building contractors. |
| August 15-November 13 | President's economic policy message; 90-day wage-price freeze in effect. |
| October 1 | East and Gulf Coast longshoremen's strike. |
| October 20 | Prime rate reduced from 6 percent to 5-3/4 percent. Further reduction to 5-1/2 percent on November 4. |

### 1971--Continued

| | |
|---|---|
| November 11 | Discount rate reduced from 5 percent to 4-3/4 percent. |
| November 14 | Phase II of NEP in effect. |
| December 6 | Stock margin requirements cut from 65 percent to 55 percent. |
| December 10 | Revenue Act of 1971 signed into law. |
| December 13 | Discount rate reduced from 4-3/4 percent to 4-1/2 percent. Prime rate lowered from 5-1/2 percent to 5-1/4 percent.*<br>Intent to devalue U.S. dollar announced. |

### 1972

| | |
|---|---|
| January 17-February 20 | West Coast dock strike continued. |
| February 1-March 15 | Kaiser Steel Company strike. |
| July 1 | 20 percent increase in social security benefits signed into law. Effective September. |
| September 11 | Opening of BART Fremont-Oakland line. |
| September 21 | "Friends of Mammoth" decision. |
| November 24 | Stock margin requirements raised to 65 percent. |

### 1973

| | |
|---|---|
| January 11 | Phase III of NEP in effect. |
| January 15 | Discount rate raised from 4-1/2 percent to 5 percent. |
| January 27 | Viet Nam cease fire signed. |
| January 29 | Opening of BART Richmond-Oakland line. |
| February 12 | 10 percent devaluation of U.S. dollar announced. |
| March 2 | Major foreign currency exchanges closed. |
| March 29 | Price controls of meat announced. |

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* Adoption of a floating prime rate in November 1971 has resulted in frequent minor adjustments in the rate. Information on the range of rates at any one time and the rate charged by the majority of commercial banks may be obtained from the Federal Reserve Bulletin.

### 1973

| | |
|---|---|
| April 9-13 | Consumer meat boycott. |
| April 23 | Discount rate raised from 5-1/2 percent to 5-3/4 percent. |
| May 10 | Discount rate raised from 5-3/4 percent to 6 percent. |
| June 11 | Discount rate raised from 6 percent to 6-1/2 percent. |
| June 14 | 60-day price freeze announced. |
| July 2 | Discount rate raised from 6-1/2 percent to 7 percent. Increased reserve requirement on net demand deposits. |
| July 6 | Interest rates increased: FHA mortgage rate: 7 percent to 7-3/4 percent; bank savings rate: 4-1/2 percent to 5 percent; savings and loan rate: 5 percent to 5-1/4 percent. |
| July 18 | Phase IV announced. |
| August 27 | Prime rate at 9-3/4 percent in major institutions. |
| October 17 | Arab nations announce reductions in oil shipment. |
| November 5-December 18 | TWA strike. |

### 1974

| | |
|---|---|
| January 3 | Stock margin requirements cut from 65 percent to 50 percent. |
| February 1-11 | Independent truckers strike, midwest and east coast. |
| February 15 | Prime rate reduced to 9 percent. |
| February 22 | Prime rate reduced to 8-3/4 percent. |
| March 4 | California minimum wage increased to $2.00 per hour from $1.65. |
| March 18 | Arab oil embargo lifted. |
| March 27 | Prime rate increased to 9 percent from 8-3/4 percent. |
| March 28 | Prime rate further increased to 9-1/2 percent. |
| April 25 | Federal Reserve raised discount rate to 8 percent from 7-1/2 percent. |
| April 29 | Prime rate up to 10-3/4 percent. |

### 1974--Continued

| | |
|---|---|
| April 30 | Phase IV controls lifted in approximately 165 sectors of the economy. |
| June 17-August 4 | San Diego construction strike. |
| June 17-July 21 | Northern California construction strike. |
| July 1-Mid-August | Southern California construction strike. |
| July 1 | Transit strikes, San Francisco Bay Area. |
| August 2-October 21 | Los Angeles area transit strike. |
| August 8 | Resignation of President Nixon announced. |
| August 14 | FHA mortgage rate raised to 9-1/2 percent. |
| | Prime rate reduced from 12 percent to 11-3/4 percent on limited basis. Prevailing rate on date of major changes:<br>October 21....11 1/2 percent<br>October 28....11 1/4 percent<br>November 4....11 percent<br>November 14...10 3/4 percent<br>November 25...10 1/2 percent |
| October 8 | Prime rate reduced from 12 percent to 11-3/4 percent by several more large banks. |
| November 12-December 9 | Coal strike. |
| December 9 | Discount rate reduced from 8 percent to 7-3/4 percent. |

### 1975

| | |
|---|---|
| January 6 | Federal Reserve discount rate cut from 7-3/4 percent to 7-1/4 percent. |
| January 10 | Oil Chemical Atomic Workers Union strike. |
| January 13 | Prime rate reduced to 10 percent. Further major cuts as follows:<br>Jannuary 21.....9 3/4 percent<br>January 31......9 percent<br>February 6......8 3/4 percent<br>February 19.....8 1/2 percent<br>March 3.........8 1/4 percent<br>March 8.........8 percent |
| January 21 | FHA mortgage rate reduced from 9 percent to 8-1/2 percent. |
| February 5 | Federal Reserve discount rate cut from 7-1/4 percent to 6-3/4 percent. |

## 1975--Continued

| | |
|---|---|
| March 10 | Federal Reserve discount rate cut from 6-3/4 percent to 6-1/4 percent. |
| March 24 | Prime rate reduced to 7-1/2 percent by most major banks. |
| March 25 | King Faisal assassinated. |
| March 29 | Tax reduction act signed into law. |
| May 19 | Prime rate reduced to 7-1/4 percent by several major banks. |
| June 10 | Prime rate reduced to 7 percent by most banks. |
| July 18 | Prime rate increased to 7-1/4 percent. Further gains as follows:<br>July 25.......7-1/2 percent<br>August 11.....7-3/4 percent<br>September 15....8 percent |
| September 1 | National Airlines strike. |
| October 16 | Reserve requirement on time deposits reduced from 3 percent to 1 percent. |
| October 24 | Prime rate reduced to 7-3/4 percent. Further reductions as follows:<br>October 31......7-1/2 percent<br>November 21.....7-1/4 percent |
| December 5-19 | United Airlines strike. |

## 1976

| | |
|---|---|
| January 12 | Prime rate lowered to 7 percent. |
| January 19 | Federal Reserve discount rate lowered from 6 percent to 5-1/2 percent. |
| January 21 | Prime rate reduced to 6-3/4 percent. |
| April 1-3 | Teamsters strike. |
| April 9-June 4 | Prime rate moving upward, 6-3/4 percent to 7-1/4 percent at most major banks. |
| April 21 | Rubber workers strike. |
| July 20-August 2 | Cannery workers strike. |
| August 2 | Prime rate reduced to 7 percent. Further reductions as follows:<br>October 4......6-3/4 percent<br>October 29.....6-1/2 percent<br>December 10....6-1/4 percent |

## 1976--Continued

| | |
|---|---|
| September 15-October 13 | Auto workers strike. |
| October 18 | California minimum wage raised to $2.50 per hour. |
| December 22 | Prime rate reduced to 6 percent by Chase Manhattan Bank. Most banks maintain a prime rate of 6-1/4 percent. |

## 1977

| | |
|---|---|
| May 16 | Prime rate raised to 6-1/2 percent. |
| May 31 | Prime rate raised to 6-3/4 percent. |
| August 22 | Prime rate raised to 7 percent. |
| August 30 | Federal Reserve discount rate raised from 5-1/4 percent to 5-3/4 percent, the first increase since April 1974. |
| September 16 | Prime rate raised to 7-1/4 percent. |
| October 1-November 24 | Longshoremen's strike against East and Gulf Coast ports. |
| October 7 | Prime rate raised to 7-1/2 percent. |
| October 10-January 4 | IAM-Lockheed strike. |
| October 24 | Prime rate raised from 7-1/2 percent to 7-3/4 percent. |
| October 26 | Discount rate raised from 5-3/4 percent to 6 percent. |
| December 6-March 24 | United Mine Workers strike. |

## 1978

| | |
|---|---|
| January 1 | U.S. minimum wage increased to $2.65 per hour. |
| January 9 | Discount rate raised from 6 percent to 6-1/2 percent. |
| January 10 | Prime rate raised to 8 percent. |
| February 28 | FHA mortgage rate raised from 8-1/2 percent to 8-3/4 percent. |
| April 1 | California minimum wage increased from $2.50 to $2.65 per hour. |
| April 1-May 28 | United Airlines strike. |
| May 4 | Prime rate raised from 8 percent to 8-1/4 percent. |

1978--Continued

| | |
|---|---|
| May 8 | California savings and loan assocations raised mortgage rates from 9-3/4 percent to 10 percent. |
| May 12 | Discount rate raised to 7 percent. |
| May 23 | Federal funds rate increased to 7-1/2 percent.<br>FHA-VA mortgage rate raised from 8-3/4 percent to 9 percent. |
| May 26 | Prime rate raised from 8-1/4 percent to 8-1/2 percent. |
| June 6 | Proposition 13 approved by California voters. |
| June 16 | Prime rate raised to 8-3/4 percent. |
| June 20 | OPEC announced a freeze on crude oil prices until December 16. |
| June 22 | Federal funds rate raised from 7-1/2 percent to 7-3/4 percent. |
| June 29 | FHA-VA mortgage rate raised to 9-1/2 percent. |
| June 30 | Prime rate raised to 9 percent. |
| July 10 | Discount rate raised to 7-1/4 percent. |
| July 18 | Teamsters union strike affecting supermarkets throughout Northern California. |
| August 20 | Retail clerks union strike in Southern California. |
| August 21 | Discount rate raised to 7-3/4 percent. |
| August 29 | Federal funds rate raised from 8-1/8 percent to 8-1/4 percent. |
| August 31 | Prime rate raised by some eastern banks from 9 percent to 9-1/4 percent. |
| September 15 | Prime rate raised to 9-1/2 percent. |
| September 22 | Discount rate raised from 7-3/4 percent to 9-3/4 percent. |
| September 28 | Prime rate raised from 9-1/2 percent to 9-3/4 percent. |

1978--Continued

| | |
|---|---|
| October 12 | Prime rate raised from 9-3/4 percent to 10 percent. |
| October 15 | Tax cut and energy bills passed by Congress. |
| October 16 | Discount rate raised from 8 percent to 8-1/2 percent. |
| October 18 | Federal funds rate raised from 8-3/4 percent to 8-7/8 percent. |
| October 24 | Prime rate raised from 10 percent to 10-1/4 percent.<br>California mortgage rates raised from 10 percent to 10-1/4 percent at several savings and loan institutions. |
| October 24 | Phase II announced: voluntary guidelines on wages and prices. |
| November 1 | Discount rate raised from 8-1/2 percent to 9-1/2 percent.<br>Prime rate raised to 10-1/2 percent. |
| November 3 | Prime rate raised from 10-1/2 percent to 10-3/4 percent. |
| November 13 | Prime rate raised from 10-3/4 percent to 11 percent. |
| November 24 | Prime rate raised to 11-1/2 percent. |
| November 27 | Federal funds rate raised from 9-3/4 percent to 9-7/8 percent. |
| December 4 | Rollover for 6-month certificates of deposit (CDs) began this week. |
| December 19 | Federal funds rate raised to 10 percent. |
| December 20 | Prime rate raised to 11-3/4 percent. |

1979

| | |
|---|---|
| January 1 | U.S. minimum wage increased to $2.90 per hour. |
| January 13 | Prime rate reduced to 11-1/2 percent. |
| March 15 | Terms for MMCs changed. 1/4 point differential over 9 percent eliminated. |
| March 27 | OPEC price increases: 9 percent. Selected surcharges imposed. |

CHRONOLOGY--Continued

## 1979--Continued

| | |
|---|---|
| March 31 | United Airlines-machinist strike. |
| April 1-10 | Teamsters strike. |
| May 7 | Prime rate moved to 11-3/4 percent from 11-1/2 percent. |
| May 19 | Federal funds rate set at 7-1/4 percent. |
| May 26 | United Airlines strike ended. |
| May 30 | Interest rate on conventional mortgages raised to 11-3/4 percent. |
| June 12 | Prime rate reduced to 11-1/2 percent. |
| July 1 | Interest rates on passbook accounts up to 5.5 percent at Savings and Loans and 5.25 percent for banks. |
| July 20 | Discount rate raised from 9-1/2 percent to 10 percent. |
| August 16 | Discount rate raised to 10-1/2 percent. |
| August 24 | Federal funds rate raised from 11 percent to 11-1/4 percent. |
| August 26-September 10 | Los Angeles Rapid Transit District strike. |
| August 28 | Prime rate raised from 12 percent to 12-1/4 percent. |
| August 31-November 21 | BART strike. |
| September 4 | Federal funds rate raised from 11-1/percent |

## 1980

| | |
|---|---|
| February 25 | Prime rate raised to 16-1/2 percent. |
| February 27 | Ceilings on interest rates for government backed mortgages raised to 13 percent. |
| February 29 | Prime rate raised to 16-3/4 percent. |
| March 4 | Prime rate raised to 17-1/4 percent. |
| March 7 | Prime rate raised to 17-3/4 percent. |
| March 13 | Prime rate raised to 18-1/4 percent. |

## 1980--Continued

| | |
|---|---|
| March 14 | Announcement of tighter fiscal policies. |
| March 17 | Three percent discount rate surcharge imposed. |
| March 18 | Prime rate raised to 19 percent. |
| April 2 | Prime rate raised to 20 percent. |
| April 3 | FHA mortgages raised to 14 percent. |
| April 20 | Prime rate reduced to 19-1/2 percent. |
| April 28 | FHA mortgages reduced to 13 percent. |
| | Prime rate reduced to 18-1/2 percent. |
| May 5 | Prime rate reduced to 18 percent. |
| May 7 | Prime rate reduced to 17 percent. |
| May 8 | Discount rate surcharge reimposed. |
| May 12 | Prime rate reduced to 16-1/2 percent. |
| May 19 | Prime rate reduced to 16 percent. |
| May 28 | Discount rate lowered to 12 percent from 13 percent. |
| June 4 | Prime rate reduced to 13 percent. |
| June 12 | Discount rate lowered to 11 percent. Prime rate reduced to 12-1/2 percent. |
| June 20 | Prime rate reduced to 12 percent. |
| June 24 | Prime rate reduced to 11-1/2 percent. Some conventional mortgage rates fell to 12 percent. |
| June 25 | Carpenters strike in Northern California ended. |
| July 3 | ICC begins trucking industry deregulation. |
| July 21 | Motion picture and television industry strike. |
| July 22 | Prime rate reduced to 11 percent. |
| July 25 | Prime rate reduced to 10-3/4 percent. |

## 1980--Continued

| | |
|---|---|
| July 28 | Discount rate reduced to 10 percent. |
| August 5 | Prime rate raised to 11 percent. |
| August 27 | Prime rate raised to 11-1/2 percent. |
| September 5 | FHA mortgage interest rate raised from 11-1/2 to 12 percent. |
| September 12 | California morgage rate raised from 13-1/2 percent to 13-3/4 percent. |
| September 25 | Pacific Southwest Airlines (PSA) pilots strike begins. |
| September 26 | Discount rate raised from 10 to 11 percent. Prime rate raised from 12-1/2 percent to 12-3/4 percent. |
| October 2 | Prime raised from 13 to 13-1/2 percent. |
| October 3 | Prime raised to 14 percent. |
| October 15 | AFTA workers return to work. |
| October 23 | Screen Actors Guild strike ends. |
| October 30 | Prime raised from 14 to 14-1/2 percent. |
| November 7 | Prime raised from 14-1/2 to 15-1/2 percent. |
| November 14 | PSA pilots strike ends. |
| November 17 | Prime raised to 16 1/4 percent. Discount rate raised from 11 to 12 percent and surcharge imposed. |
| November 21 | Prime raised to 17 percent. |
| November 28 | Prime raised to 17-3/4 percent. |
| December 3 | Prime raised from 17-3/4 to 18-1/2 percent. |
| December 5 | Discount rate raised from 12 to 13 percent. Prime raised to 19 percent. |
| December 11 | Prime raised to 20 percent. |
| December 17 | Prime raised from 20 to 21 percent. |
| December 23 | Prime lowered from 21 to 20-1/2 percent. |

## 1981

| | |
|---|---|
| January 1 | Minimum wage raised from $3.10 to $3.35. |
| January 6 | Prime lowered to 20 percent. |
| January 20 | American hostages released from Iran. |
| January 20 | Ronald Reagan inaugurated as 40th President of the U.S. |
| January 28 | Deregulation of oil and gas industry announced, effective immediately. |
| January 29 | Prime rate lowered to 19-1/2 percent from 20 percent. |
| February 16 | General Motors and Ford rebate plans announced. |
| February 23 | Prime rate lowered to 18 percent. |
| March 2 | Prime rate lowered to 18-1/2 percent. |
| March 10 | Prime rate lowered to 18 percent. |
| March 16 | Prime rate lowered to 17-1/2 percent. |
| March 18 | Prime rate lowered to 17 percent. |
| March 26 | United mine workers strike. |
| April 13 | Prime rate raised to 17-1/2 percent. |
| April 29 | Prime rate raised to 18 percent. |
| May 4 | Prime rate raised to 19 percent. |
| May 5 | Discount rate raised from 13 percent to 14 percent. |
| May 8 | FHA-VA rate up to 15-1/2 percent from 14-1/2 percent. |
| May 11 | Prime rate raised to 19-1/2 percent. |
| May 22 | Prime rate raised to 20 percent. |
| May 27 | OPEC fails to agree on a uniform price schedule. OPEC officials freeze prices at current level. |
| June 5 | Dollar reaches highest level in international trading since December 1971. |

| | 1981--(Continued) |
|---|---|
| June 8 | Coal miners end 72 day strike and ratify a 40-month contract. |
| July 8 | Prime rate raised to 20-1/2 percent. |
| August 3 | Air traffic controller's strike. |
| August 14 | President Reagan signs both the tax- and budget-cut bills into law. |
| August 18 | FHA-VA rate up to 16-1/2 percent from 15-1/2 percent. |
| September 1 | Prime rate lowered to 20 percent. |
| September 21 | Prime rate lowered to 19-1/2 percent. |
| September 22 | Fed surcharge cut to 3 percent from 4 percent. |
| October 6 | Prime rate lowered to 19 percent. |
| | Egyptian President Sadat assassinated. |
| October 13 | Prime rate lowered to 18 percent. |
| October 30 | OPEC price set at $34.00/barrel--the Saudi benchmark. |
| November 1 | Passbook interest rate raised 1/2 percent to 5-3/4 percent. |
| November 2 | Fed discount rate cut from 14 percent to 13 percent. |
| | Prime rate lowered to 17-1/2 percent. |
| November 10 | Prime rate lowered to 17 percent. |
| November 13 | Prime rate lowered to 16-1/2 percent. |
| | FHA mortgage rate lowered to 15-1/2 percent. |
| November 16 | Prime rate lowered to 16 percent. |
| November 17 | Fed eliminates 2 percent surcharge. Discount rate unaffected. |
| December 1 | Prime rate lowered to 15-1/2 percent. |
| December 4 | Fed discount rate lowered from 13 percent to 12 percent. |

| | 1981--(Continued) |
|---|---|
| December 12 | Martial law imposed in Poland. |
| | 1982 |
| January 22 | Federal funds rate raised to 13-1/2 percent. |
| January 25 | FHA mortgage rate increased from 15-1/2 percent to 16-1/2 percent. |
| January 27 | Federal funds rate raised to 13-3/4 percent. |
| February 2 | Prime rate raised to 16-1/2 percent by Citibank and Crocker. |
| February 18 | Prime rate increased to 17 percent. |
| February 24 | Prime rate cut back to 16-1/2 percent. |
| March 1 | Ford-UAW Pact ratified. Workers give up two weeks of paid time off and annual 3 percent raises. |
| March 8 | Prime rate lowered to 16 percent. |
| March 16 | Prime rate back up to 16-1/2 percent. |
| April 1 | OPEC cuts production to 17.5 million barrels from current 18.2. Saudi bench mark set at $34/barrels. |
| April 5 | Unemployment rate nationally hits 9.0 percent tying the post-WW II high in May 1975. |
| April 12 | General Motor and United Auto Workers labor agreement approved. |
| April 26 | The U.S. consumer price index declined 0.3 percent--the first decline in 17 years and the largest drop in nearly a quarter of a century. |
| May 7 | U.S. unemployment rate reaches 9.4 percent for a post-WW II record. |
| May 13 | Braniff Air Lines ceases operation. |
| June 25 | Secretary of State Alexander Haig resigns. |
| June 28 | U.S. Supreme Court rules that federally chartered savings and loan associations cannot be prohibited from enforcing due-on-sale clauses in their mortgage contracts. |

### 1982--Continued

| | |
|---|---|
| July 20 | Discount rate lowered from 12 percent to 11-1/2 percent. Prime rate lowered from 16-1/2 percent to 16 percent. |
| July 27 | Prime rate lowered to 15-1/2 percent. |
| August 2 | Discount rate lowered to 11 percent. Prime rate lowered to 15 percent. |
| August 9 | Unemployment rate reached 9.8 percent in July--the highest level since a 9.9 percent rate in 1941. |
| August 16 | Discount rate cut from 11 percent to 10-1/2 percent. Most major banks lower their prime lending rates to 14-1/2 percent. |
| August 18 | Dow Jones Industrial Average rose 38.81 points--an all-time record. |
| August 19 | The stock market trading soared to a record 132,690,000 shares. |
| August 27 | Discount rate lowered to 10 percent. Prime rate lowered to 13.5 percent. |
| September 19 | National Football League players strike began. |
| | Railroad strike involving locomotive engineers began. |
| September 23 | Railroad strike ends. |
| September 24 | FHA mortgage loan rate lowered from 14 percent to 13.5 percent. |
| October 7 | Prime rate lowered to 13 percent. |
| October 12 | Discount rate lowered from 10 percent to 9-1/2 percent. |
| October 15 | Prime rate lowered to 12 percent. |
| November 1 | General Motors reduces auto financing interest rate from 18.0 percent to 10.9 percent. |
| November 22 | Discount rate cut from 9-1/2 percent to 9 percent. |
| November 23 | Prime rate lowered from 12 percent to 11-1/2 percent. |

### 1982 (Continued)

| | |
|---|---|
| December 13 | Discount rate cut to 8-1/2 percent. |
| December 14 | Introduction of money market deposit accounts by banks and S&Ls. |

### 1983

| | |
|---|---|
| January 5 | Super NOW accounts introducted. |
| January 11 | Prime rate lowered to 11 percent. |
| January 31 | Independent truckers strike begins. |
| February 10 | Independent truckers strike end. |
| February 15 | Toyota/GM agreement to build a small car in late 1984. |
| February 25 | Prime rate lowered to 10-1/2 percent. |
| March 14 | OPEC sets $29 per barrel benchmark price and production quota of 17.5 million barrels. |
| May 2 | A 6.5 magnitude earthquake strikes the town of Coalinga. |
| June 8 | The maximum rate on government-backed mortgages was raised from 11-1/2 percent to 12 percent. |
| June 18 | Paul Volcker reappointed as Federal Reserve Board Chairman. |
| June 24 | The Federal Budget deficit totalled a record $29.29 billion in May. |
| July 7 | The maximum rate on government-backed mortgages was raised from 12 percent to 12-1/2 percent. |
| July 13 | Chrysler Corporation announced it will repay the remaining $800 million in federally guaranteed loans by September, seven years before they are due. |
| July 25 | The Washington Public Power Supply System defaulted on $2.25 billion in bonds, creating the largest municipal default in U.S. history. |

CHRONOLOGY--Continued

1983 (Continued)

| | |
|---|---|
| August 1 | California's $1.2 billion offering of revenue-anticipation notes, the State's largest note issue, drew strong investor interest. Notes totalling $700 million, maturing next April and June, were oversubscribed. |
| August 2 | The maximum rate on government backed mortgages rose from 12-1/2 percent to 13-1/2 percent. |
| August 7 | The Communications Workers of America and two other unions strike AT&T. |
| August 8 | Prime rate raised from 10-1/2 percent to 11 percent by most major banks. |
| August 23 | The maximum rate on government backed mortgages fell from 13-1/2 percent to 13 percent. |
| August 28 | AT&T strike ends. |
| September 1 | Soviet Union shoots down Korean Airlines Flight 007, New York to Seoul, near the Soviet Island of Salhalin, just north of Japan. |
| November 1 | Maximum rate on VA & FHA mortgages lowered from 13 percent to 12.5 percent. |
| November 3 | Strike against Greyhound Lines Inc. begins. |
| December 1 | FHA mortgage interest rates begin to float. VA rates are still pegged. |
| December 21 | Greyhound strike ends. |

1984

| | |
|---|---|
| January 3 | Breakup of AT&T becomes effective. |
| February 2 | Contemporaneous reserve accounting is required by Fed for all but the very small deposit-taking institutions. |
| March 19 | Prime rate raised from 11 percent to 11-1/2 percent. |
| March 20 | Maximum rate on VA loans raised from 12-1/2 to 13 percent. |

1984 (Continued)

| | |
|---|---|
| April 4 | Prime rate raised from 11-1/2 percent to 12 percent. |
| April 9 | Discount rate raised from 8-1/2 percent to 9 percent; the first change in 3 years. |
| May 5 | Prime rate raised from 12 percent to 12-1/2 percent. |
| June 26 | Prime rate raised from 12-1/2 percent to 13 percent. |
| September 3 - December 7 | Hotel and restaurant strike - San Francisco. |
| September 15 - October 14 | UAW-General Motors strike. |
| September 28 | Prime rate reduced from 13 percent to 12-3/4 percent. |
| October 16 | Prime rate reduced from 12-3/4 percent to 12-1/2 percent. |
| October 28 | Prime rate reduced from 12-1/2 percent to 12 percent. |
| November 7 | Prime rate reduced from 12 percent to 11-3/4 percent. |
| November 21 | Discount rate reduced from 9 percent to 8-1/2 percent. |
| November 28 | Prime rate reduced from 11-3/4 percent to 11-1/4 percent. |
| December 17 | Prime rate reduced from 11-1/4 percent to 10-3/4 percent. |
| December 24 | Discount rate reduced from 8-1/2 percent to 8 percent. |

1985

| | |
|---|---|
| January 1 | Federal price controls removed from approximately half of the natural gas produced in the United States. |
| January 15 | Prime rate reduced from 10-3/4 percent to 10-1/2 percent. |
| March 9 | Home State Savings Bank Cincinnati, Ohio closed. |
| March 15 | Seventy Ohio thrift institutions closed to prevent run on deposits. |
| March 25 | Maximum rate on VA loans raised from 12-1/2 percent to 13 percent. |

| | 1985 (Continued) |
|---|---|
| May 2 | Auto manufacturer's initiate low interest loan programs. |
| May 17 | United Airlines--Air Pilots Association strike. |
| May 17 | Prime rate reduced from 10-1/2 percent to 10 percent. |
| May 20 | Dow Jones Industrials close above 1,300 for the first time. |
| May 29 | Presidents' tax reform plan unveiled. |

# SOURCES OF STATISTICAL SERIES

| | |
|---|---|
| Employment Development Department Employment Data and Research | Civilian Employment |
| | Unemployment |
| | Unemployment rate |
| | Nonagricultural employment |
| | Manufacturing employment |
| | Hours and earnings |
| | Nonagricultural placements |
| | Initial claims for unemployment insurance |
| | Insured unemployment |
| | Index for production worker hours |
| Department of Industrial Relations Division of Labor Statistics and Research | California consumer price index |
| Department of Finance | Personal income |
| | Wages and salaries |
| | Index of leading indicators |
| Department of Motor Vehicles | New auto registrations |
| State Board of Equalization | Taxable sales |
| Security Pacific National Bank | Housing units authorized |
| | Valuation of nonresidential construction |
| U.S. Department of Commerce | Retail sales |
| U.S. Bureau of Labor Statistics | Consumer price indices |
| U.S. Department of Defense | Prime defense contracts |
| U.S. Department of Energy | Electricity production |
| California Redwood Association | Lumber production |
| Conservation Committee of California Oil Producers | Petroleum production |
| American Iron and Steel Institute | Steel production |
| U.S. Bureau of Mines | Cement production |
| California Secretary of State | New business incorporations |
| Federal Reserve Bank of San Francisco | Demand deposits |
| | Commercial and industrial loans |

## REFERENCE DATES OF UNITED STATES BUSINESS CYCLES, 1854-1982

| Initial Trough | Peak | Terminal Trough | Expansion (months) | Contraction (months) | Total (months) |
|---|---|---|---|---|---|
| Dec. 1854 | June 1857 | Dec. 1858 | 30 | 18 | 48 |
| Dec. 1858 | Oct. 1860 | June 1861 | 22 | 8 | 30 |
| June 1861 | April 1865 | Dec. 1867 | 46 | 32 | 78 |
| Dec. 1867 | June 1869 | Dec. 1870 | 18 | 18 | 36 |
| Dec. 1870 | Oct. 1873 | March 1879 | 34 | 65 | 99 |
| March 1879 | March 1882 | May 1885 | 36 | 38 | 74 |
| May 1885 | March 1887 | April 1888 | 22 | 13 | 35 |
| April 1888 | July 1890 | May 1891 | 27 | 10 | 37 |
| May 1891 | Jan. 1893 | June 1894 | 20 | 17 | 37 |
| June 1894 | Dec. 1895 | June 1897 | 18 | 18 | 36 |
| June 1897 | June 1899 | Dec. 1900 | 24 | 18 | 42 |
| Dec. 1900 | Sept. 1902 | Aug. 1904 | 21 | 23 | 44 |
| Aug. 1904 | May 1907 | June 1908 | 33 | 13 | 46 |
| June 1908 | Jan. 1910 | Jan. 1912 | 19 | 24 | 43 |
| Jan. 1912 | Jan. 1913 | Dec. 1914 | 12 | 23 | 35 |
| Dec. 1914 | Aug. 1918 | March 1919 | 44 | 7 | 51 |
| March 1919 | Jan. 1920 | July 1921 | 10 | 18 | 28 |
| July 1921 | May 1923 | July 1924 | 22 | 14 | 36 |
| July 1924 | Oct. 1926 | Nov. 1927 | 27 | 13 | 40 |
| Nov. 1927 | Aug. 1929 | March 1933 | 21 | 43 | 64 |
| March 1933 | May 1937 | June 1938 | 50 | 13 | 63 |
| June 1938 | Feb. 1945 | Oct. 1945 | 80 | 8 | 88 |
| Oct. 1945 | Nov. 1948 | Oct. 1949 | 37 | 11 | 48 |
| Oct. 1949 | July 1953 | May 1954 | 45 | 10 | 55 |
| May 1954 | Aug. 1957 | April 1958 | 39 | 8 | 47 |
| April 1958 | April 1960 | Feb. 1961 | 24 | 10 | 34 |
| Feb. 1961 | Dec. 1969 | Nov. 1970 | 106 | 11 | 117 |
| Nov. 1970 | Nov. 1973 | March 1975 | 36 | 16 | 52 |
| March 1975 | Jan. 1980 | July 1980 | 58 | 6 | 64 |
| July 1980 | July 1981 | November 1982 | 12 | 16 | 28 |

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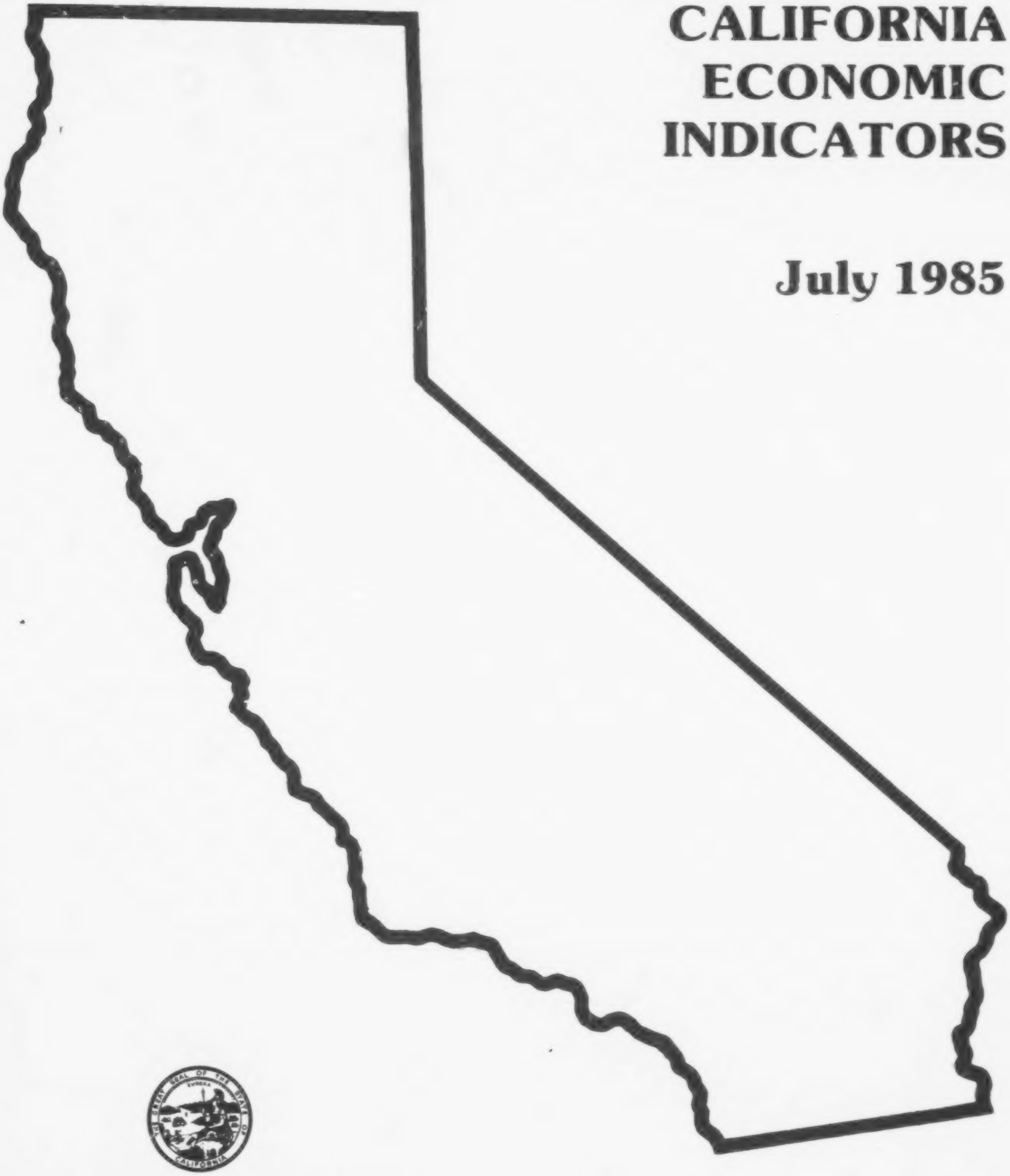

# CALIFORNIA ECONOMIC INDICATORS

## July 1985

DEPARTMENT OF FINANCE

# INTRODUCTION

California Economic Indicators is a bimonthly summary of economic trends and data relating to the State of California. Generally patterned after the U.S. Census Bureau publication Business Conditions Digest, the report contains the following regular features:

- review of economic developments
- current California economic data table
- economic indicator charts
- basic data for California economic series
- chronology of major economic events

Developments in California over the most recent months are reviewed in a brief text, and then summarized in a current data table which shows changes over the previous year. Charts containing monthly and quarterly series from 1972 are included to facilitate the review of current developments, and to appraise the significance of the developments on the State economy. Much of the data in the report has been seasonally adjusted by the source agency or the Department of Finance.

Sources are cited on the inside back cover to assist readers in obtaining any additional information on the statistical series published. Finally, reference dates for U.S. business cycles, as determined by the National Bureau of Economic Research, are shown on the back of the publication.

The Department of Finance welcomes suggestions on additions or changes which would make the Indicators a more useful publication. Correspondence should be addressed to: State of California, Department of Finance, Financial Research Unit, 1025 P Street, Sacramento, CA 95814.

Subscriptions are $8.00 per year, and begin with the January issue. The subscription price will be prorated throughout the year based upon the beginning subscription date, as shown below:

| Beginning Subscription Date | Prorated Amount Due |
|---|---|
| January | $8.00 |
| March | 6.75 |
| May | 5.40 |
| July | 4.05 |
| September | 2.70 |
| November | 1.35 |

Mail Subscription requests and prepayment (no billing available) to the California Department of Finance, P.O. Box 151, Sacramento, CA 95801. Make checks payable to the California Department of Finance.

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# REVIEW OF ECONOMIC DEVELOPMENTS

The growth of the economy exhibited a more constrained pace during the first half of 1985. Overall the California economy remains healthy, but the erratic movement of various indicators does not reveal a clear trend. The California Index of Leading Economic Indicators declined in May for the third month is a row, reaching its lowest level since last October. Unemployment in California is rising faster than the national rate. On the other hand, construction and retail sales are still booming. Still, other sectors of the economy are easing back, yet remain sound. An overall picture can only be gained by examining each of the individual aspects of the economy.

Employment growth in California slowed significatnly in June. Civilian employment increased only 1.0 percent from the year-earlier level. The unemployment rate dropped to 7.1 percent in May, then grew to 7.8 percent in June. This fluctuation has been characteristic of the California unemployment rate since the beginning of the year. The national unemployment rate has remained constant at 7.3 percent since February.

Five sectors of the economy contributed to the 2.6 year-over-year gain in nonagricultural wage and salary employment in June. The increase brought the number of nonfarm workers in the State to 10,917,000. The services, trade, and construction sectors posted the only real significant gains in June. The service industry's increase of 5.1 percent added 129,000 new jobs. Trade employment rose 4.3 percent, and construction increased 4.0 percent, adding 109,100 and 18,700 new jobs respectively. Transportation and utilities, and finance made only very slight gains. Employment in the government, mining and manufacturing sectors remains on a plateau, with manufacturing showing a 0.1 percent decline in June.

The June figures for both the California and U.S. Consumer Price Indexes indicate that overall, inflation remains under control. The increase of 4.6 percent in the California Consumer Price Index between June of 1984 and June of 1985 was slightly greater than the national gain of 3.7 percent. The pace of transportation cost increases eased back in June, but residential rents are still rising rapidly. The year-over-year gains were between 7 and 8 percent. Apparel and upkeep rose significantly in the Los Angeles area, where prices increased 6.4 percent over the year. Homeowner's costs rose 7.7 percent in the San Diego area. Medical care costs are still rising at rates of 5.5 percent to 7.5 percent. Other components of the index showed only low to moderate gains, except for food prices, which actually decreased slightly in May and June, and advanced only slightly over the year.

Construction activity is still strong in California. Housing authorizations fell 10.0 percent from April to May, but remain 8.1 percent higher than a year ago. The month to month decline can be largely attributed to builders who are easing back to avoid an over-building situation. Housing construction has been very healthy this year, and the May year-over-year increase brought housing unit authorizations to a 232,500 seasonally adjusted annual rate. However, there is some speculation that after the recent decline in the dollar, the Fed will refrain from easing credit conditions any further.

Nonresidential construction activity has also tapered off. Nonresidential building authorizations were valued at $1,071,300,000 in April, which is 5.1 percent below the figure for April of 1984. Alterations and additions and commercial building continue to account for most of nonresidential construction.

In business, new incorporations declined after the increases earlier this year. The number of new business incorporations in May was 3.8 percent lower than in May of 1984. This is another reflection of the current economic slowdown we are experiencing following last year's expansion.

Production in basic industries such as petroleum, cement, and lumber is generally up over last year, except for raw steel, which is producing less than last year. In May raw steel production levels were 31.9 percent below the May level for 1984.

Nationwide, retail sales have been strong in 1985. Retail sales rose 6.7 percent from March 1984 to March 1985. They jumped 10.6 percent in April, a larger gain than the 7.4 percent growth for the nation. California retail sales in April were 11.9 percent of all retail sales nationwide.

In contrast to the strength of retail sales, automobile sales have been sluggish, especially in California. New car sales fell 14.9 percent in February, and rose only 2.6 percent in March.

Individual economic indicators remain puzzling, however, they seem to be pointing to a path of overall slow to moderate growth. No doubt, the performance of the economy in the next half of 1985 will set the stage for 1986.

## CURRENT CALIFORNIA ECONOMIC DATA

| | 1985 | | | | 1984 | | Percent Change June 1984-June 1985 |
|---|---|---|---|---|---|---|---|
| | June | May | April | March | June | May | |
| Employment[a] | | | | | | | |
| Civilian employment (000) | 11,720 | 11,785 | 11,877 | 11,928 | 11,605 | 11,460 | 1.0 |
| Unemployment (000) | 996 | 904 | 940 | 890 | 967 | 962 | 3.0 |
| Unemployment rate | 7.8 | 7.1 | 7.3 | 6.9 | 7.7 | 7.7 | -- |
| Nonagricultural wage and salary[a] employment[b] (000) | 10,917.7 | 10,926.0 | 10,927.2 | 10,89[illegible].5 | 10,640.1 | 10,605.2 | 2.6 |
| Mining | 50.0 | 50.6 | 51.3 | 50.9 | 50.0 | 50.2 | 0 |
| Construction | 485.0 | 491.7 | 493.1 | 488.5 | 466.3 | 464.5 | 4.0 |
| Manufacturing | 2,053.9 | 2,058.5 | 2,067.2 | 2,077.5 | 2,055.7 | 2,049.9 | -0.1 |
| Aerospace[c] | n.a. | 735.4 | 735.3 | 738.5 | 697.8 | 689.9 | -- |
| Transportation and public utilities | 569.7 | 572.1 | 573.3 | 571.4 | 559.1 | 558.1 | 1.9 |
| Trade | 2,655.5 | 2,648.1 | 2,641.6 | 2,627.8 | 2,546.4 | 2,535.8 | 4.3 |
| Finance, insurance, and real estate | 714.1 | 711.9 | 711.5 | 709.1 | 703.6 | 698.8 | 1.5 |
| Services | 2,655.6 | 2,655.1 | 2,652.6 | 2,635.1 | 2,526.1 | 2,516.5 | 5.1 |
| Government | 1,733.9 | 1,738.0 | 1,736.6 | 1,736.2 | 1,732.9 | 1,731.4 | 0 |
| Federal | 333.4 | 336.8 | 337.3 | 337.5 | 329.9 | 331.8 | 1.1 |
| State and local | 1,400.5 | 1,401.2 | 1,399.3 | 1,398.7 | 1,403.0 | 1,399.6 | -0.2 |
| Hours and Earnings, Manufacturing | | | | | | | |
| Average weekly hours | n.a. | 40.0 | 39.8 | 40.4 | 40.3 | 40.3 | -- |
| Average weekly earnings | n.a. | $402.00 | $399.99 | $404.81 | $392.93 | $391.31 | -- |
| Average hourly earnings | n.a. | $10.05 | $10.05 | $10.02 | $9.75 | $9.71 | -- |
| Index of Leading Indicators | n.a. | 136.1 | 137.7 | 139.1 | 136.3 | 137.3 | -- |
| Trade[a] | | | | | | | |
| Retail sales (millions) | n.a. | n.a. | $13,765 | $13,983 | $13,151 | $13,085 | -- |
| New auto registrations (number) | n.a. | n.a. | n.a. | 103,591 | 104,974 | 98,098 | -- |
| New Incorporations (number)[a] | n.a. | 5,084 | 5,314 | 4,995 | 4,954 | 5,441 | -- |
| Consumer Price Index, all items[d] | | | | | | | |
| California average (1967=100) | 328.2 | -- | 325.0 | -- | 313.7 | -- | 4.6 |
| San Francisco (1967=100) | 333.2 | -- | 330.4 | -- | 318.7 | -- | 4.5 |
| Los Angeles (1967=100) | 319.3 | 319.1 | 315.9 | 314.7 | 305.6 | 305.4 | 4.5 |
| San Diego (1967=100) | -- | 372.1 | -- | 369.2 | -- | 353.0 | -- |
| Production | | | | | | | |
| Petroleum (000 barrels daily) | n.a. | n.a. | n.a. | 1,134.0 | 1,102.0 | 1,129.0 | -- |
| Portland cement (000 short tons) | n.a. | n.a. | 856.4 | 719.0 | 732.3 | 816.2 | -- |
| Raw steel (000 net tons) | n.a. | 26.0 | 35.1 | 36.3 | 34.9 | 38.2 | -- |
| Selected redwood mill production (mil. FBM) | n.a. | 66.8 | 68.5 | 68.2 | 62.0 | 59.7 | -- |
| Construction[a] | | | | | | | |
| Private residential housing units authorized, SAAR (000) | n.a. | 232.5 | 258.2 | 254.0 | 206.8 | 215.0 | -- |
| Nonresidential building authorized, valuation (millions) | n.a. | n.a. | $1,071.3 | $1,129.8 | $934.7 | $941.6 | -- |

---

[a] Adjusted for seasonal variation.

[b] Interim series of wage and salary workers. This unofficial series is adjusted for the latest tabulations of unemployment insurance coverage and approximates what the official data will be when estimates are updated at year end.

[c] The Interim Series does not give a breakdown for aerospace employment. These values are from the EDD official employment series, and are not seasonally adjusted.

[d] All urban series. New basis since January 1983.

n.a. Not available

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# ECONOMIC INDICATOR CHARTS

Series classification as leading or coincident indicators generally follows that established by the National Bureau of Economic Research. The exceptions to this are production worker man-hours, insured unemployment, manufacturing employment, and taxable sales. These series are discussed in the technical note below.

Data are plotted either monthly or quarterly. The Arabic numeral in the right hand corner of each graph indicates the latest month or quarter for which the data are plotted (e.g.: 1 = January or first quarter). The basic data tables indicate the frequency of each of the series plotted.

## TECHNICAL NOTE

Whenever appropriate, data used in the charts have been seasonally adjusted. The series on average weekly hours of production workers in manufacturing and production worker man-hours are adjusted by the Bureau of Labor Statistics method. Other series have been adjusted by the Bureau of the Census (Shiskin) method. Persons interested in a detailed description of these methods are referred to the U.S. Department of Labor, Bureau of Labor Statistics, the BLS Seasonal Factor Method (1964); and the U.S. Department of Commerce, Bureau of the Census, Technical Paper No. 15, The X-11 Variant of the Census Method II, Seasonal Adjustment Program (November 1965.)

Under the Census Bureau seasonal method, the addition of new data points changes historical seasonal factors. To avoid monthly data changes in the California Economic Indicators it is necessary to "freeze" the seasonally adjusted data through the past year and manually compute current year values from the projected seasonal factors. Thus historical revisions will be incorporated annually.

### Production Worker Man-Hours

This series is a substitute for the man-hours in nonagricultural establishments series used in the Census Bureau's publication, Business Cycle Developments. It is the cross product of average weekly hours of production workers in manufacturing and manufacturing employment. Workweek data are a leading indicator. Manufacturing employment appears to be a coincident indicator, although at times it seems to lead economic downturns. Because of this, the man-hours series has been classified in the present publication as a leading indicator.

### Insured Unemployment

The series on total insured unemployment is being used rather than the insured unemployment rate included in the Census Bureau's indicator list. The insured rate is available only with a lag of nine months, which precludes its usefulness as a current indicator.

### Manufacturing Employment

This series is also an addition to the Census Bureau indicator list. It was used here because it appears to show cyclical fluctuations clearly and extends the limited number of series presently available for the State.

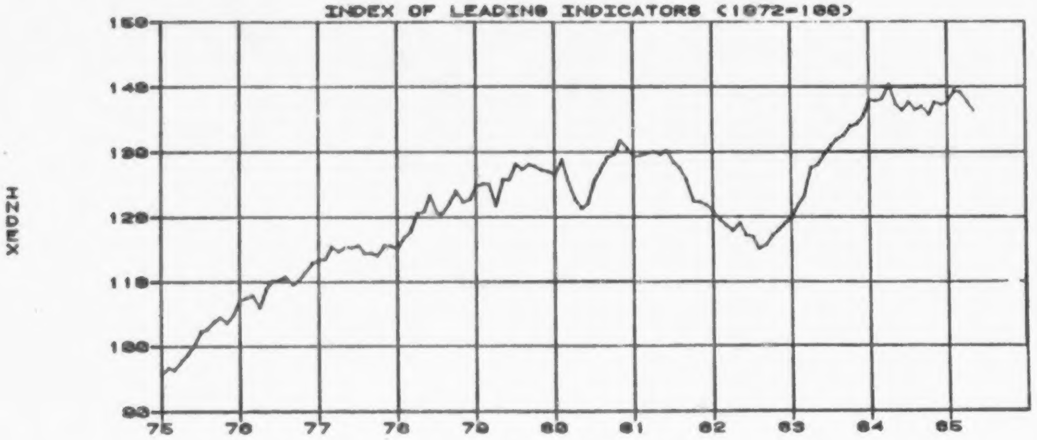
### Taxable Sales

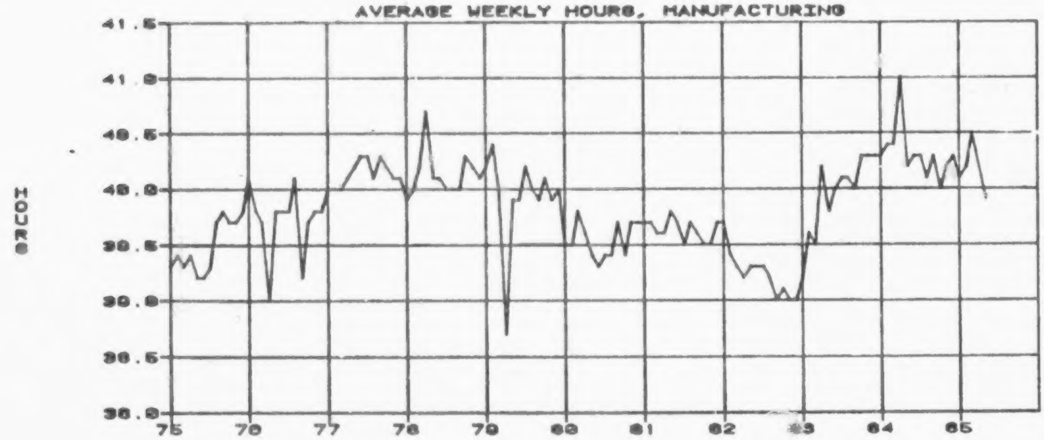
Taxable sales are used here as a proxy for retail trade. Data on the latter are not available for California prior to 1964. The taxable series includes sales by both retail and wholesale establishments, and is therefore a broad indicator of business activity. It has been classified as a coincident indicator on the basis of fluctuations in the series since 1950.

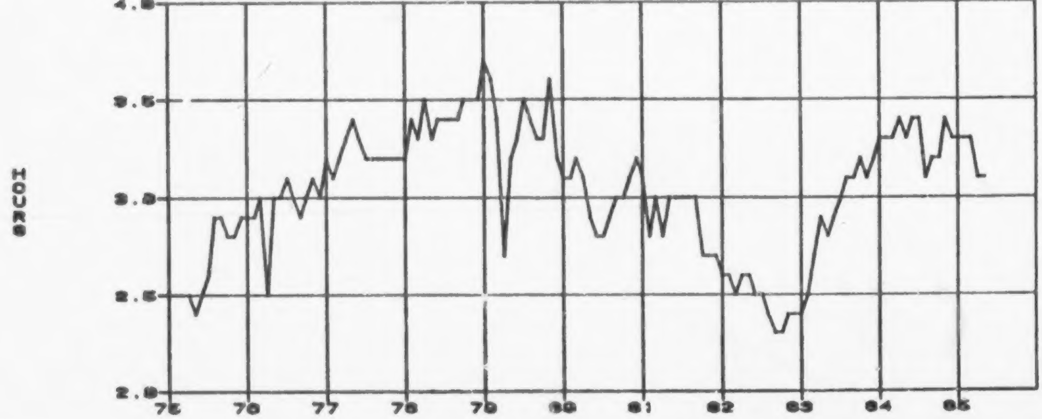
The other indicators shown are for general interest only. They are not directly related to the cyclical indicator series, but will be of interest to persons looking at overall economic developments.

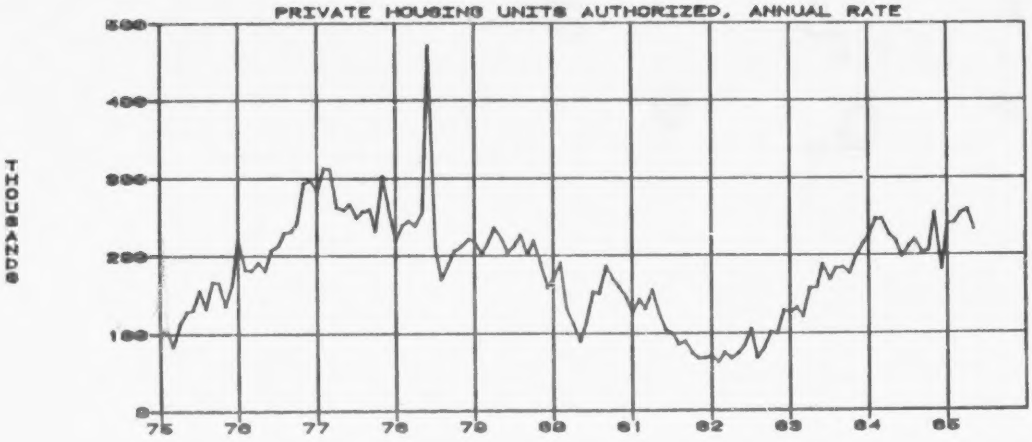
### Standard Abbreviations

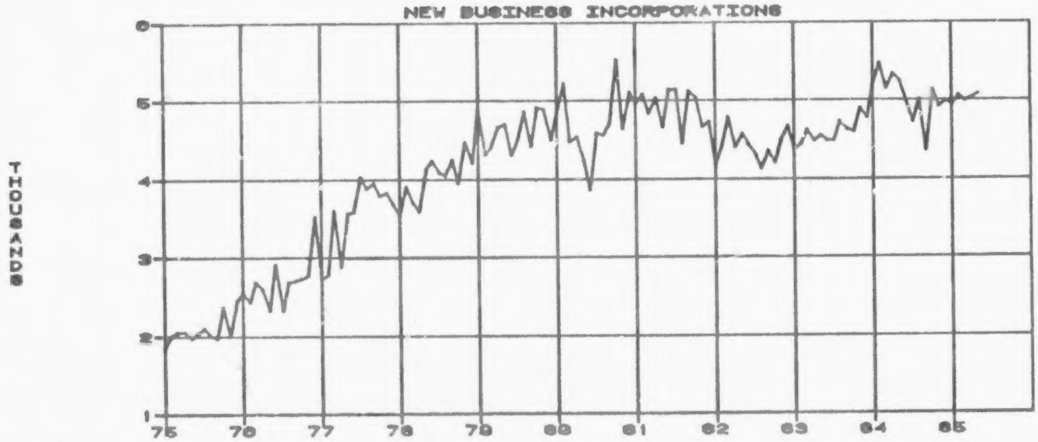
| | | | |
|---|---|---|---|
| n.a. | Not available | p | Preliminary |
| e | Estimate | r | Revised |

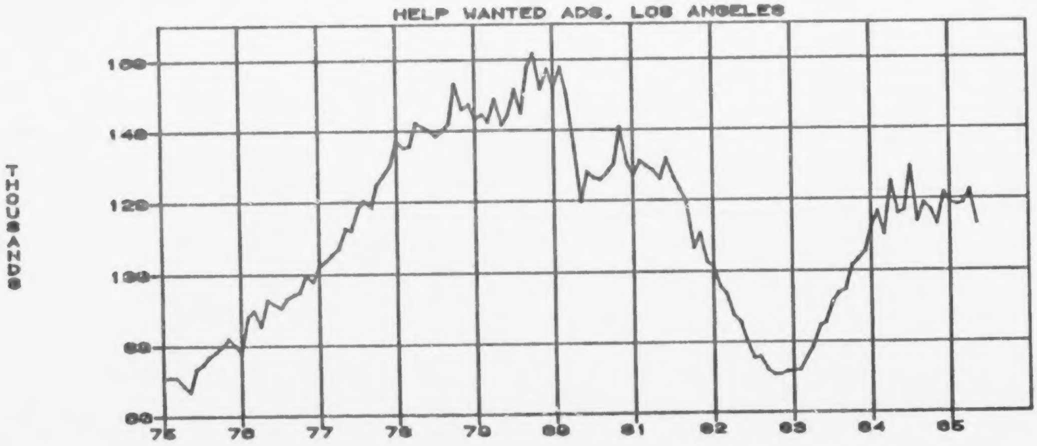

INDEX OF LEADING INDICATORS (1972=100)
INDEX
150
140
130
120
110
100
90
75
76
77
78
79
80
81
82
83
84
85

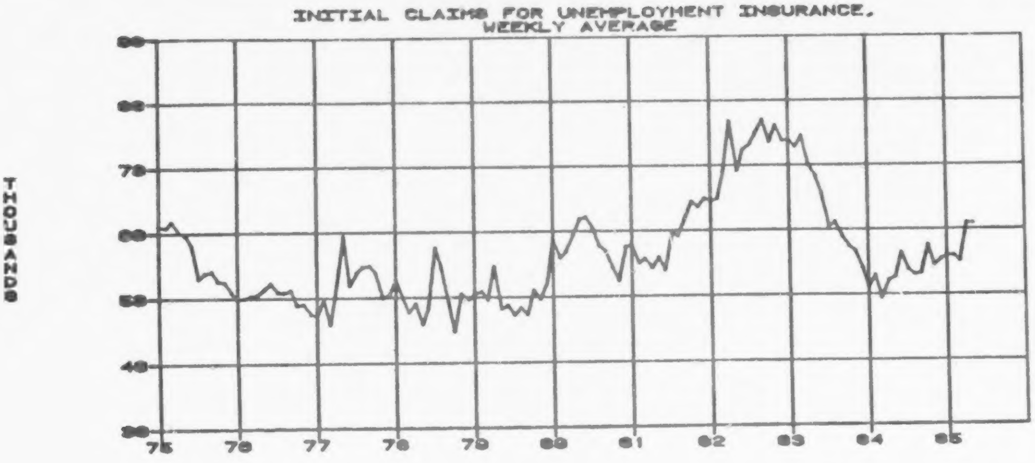

AVERAGE WEEKLY HOURS, MANUFACTURING
HOURS
41.5
41.0
40.5
40.0
39.5
39.0
38.5
38.0
75
76
77
78
79
80
81
82
83
84
85


OVERTIME HOURS, MANUFACTURING
HOURS
4.0
3.5
3.0
2.5
2.0
75
76
77
78
79
80
81
82
83
84
85

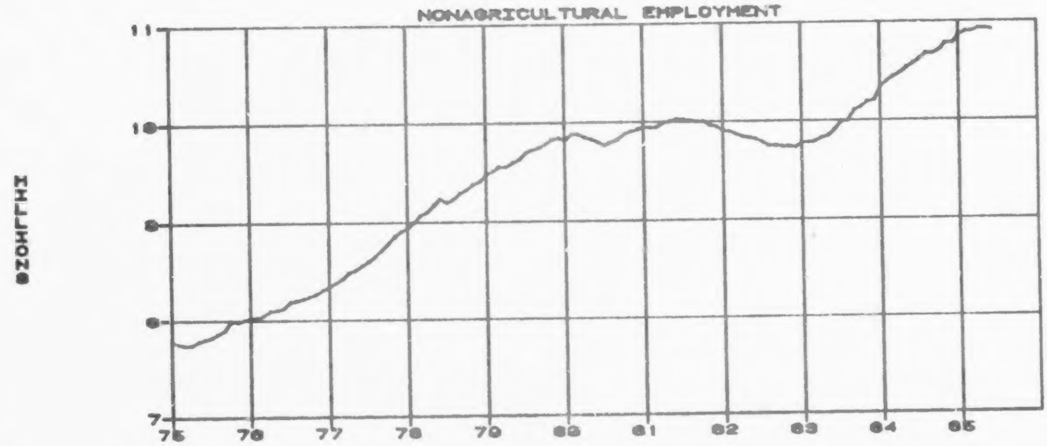

PRIVATE HOUSING UNITS AUTHORIZED, ANNUAL RATE
THOUSANDS
500
400
300
200
100
0
75
76
77
78
79
80
81
82
83
84
85


NEW BUSINESS INCORPORATIONS
THOUSANDS
6
5
4
3
2
1
75
76
77
78
79
80
81
82
83
84
85

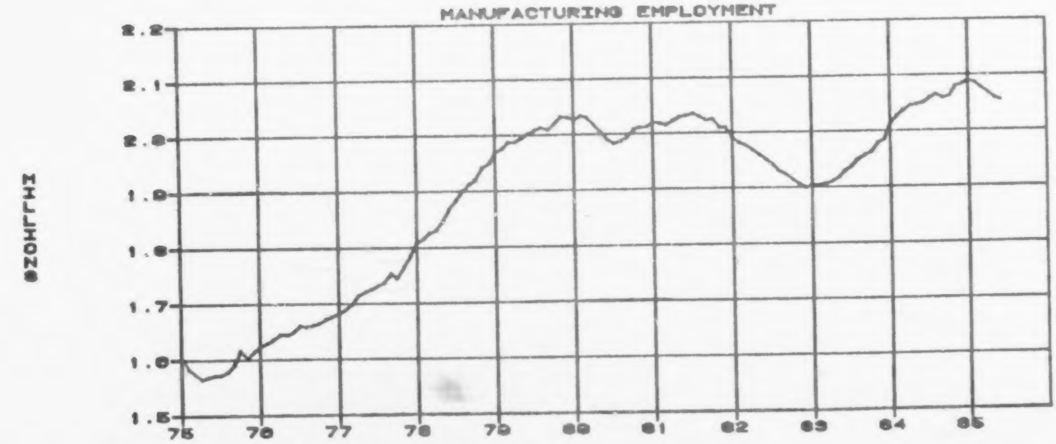

HELP WANTED ADS, LOS ANGELES
THOUSANDS
160
140
120
100
80
60
75
76
77
78
79
80
81
82
83
84
85



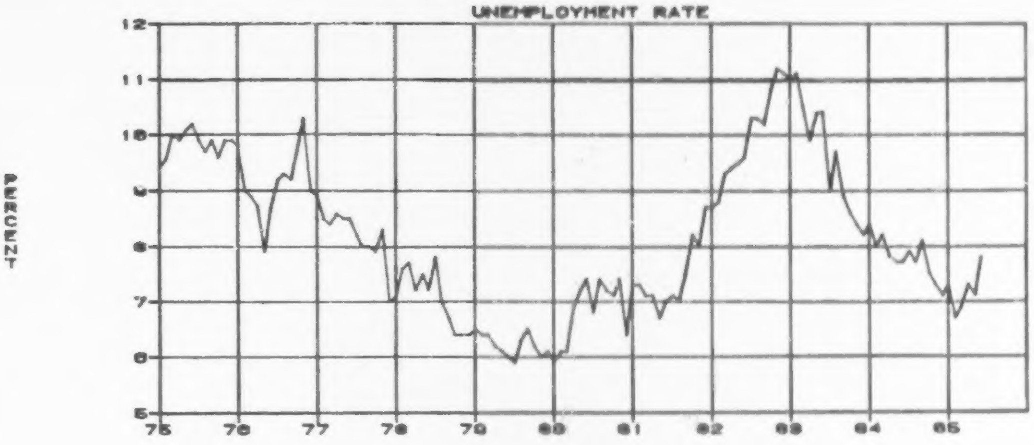
INITIAL CLAIMS FOR UNEMPLOYMENT INSURANCE, WEEKLY AVERAGE

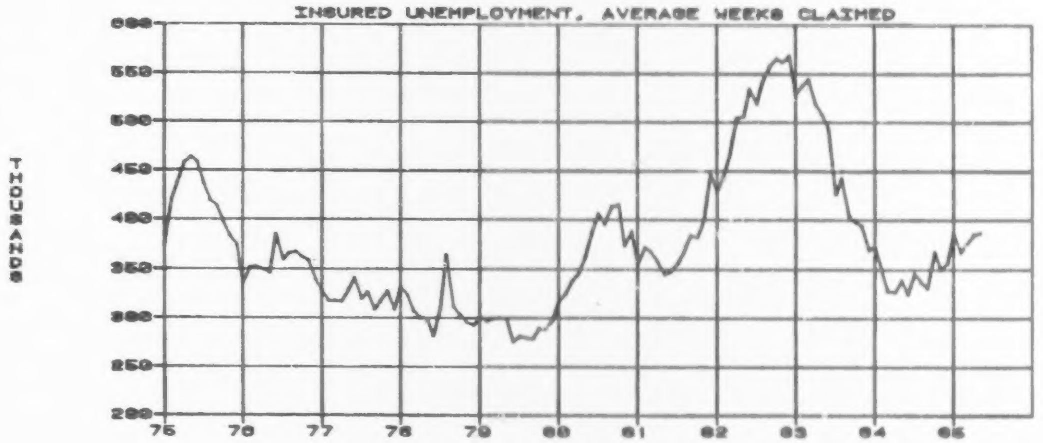


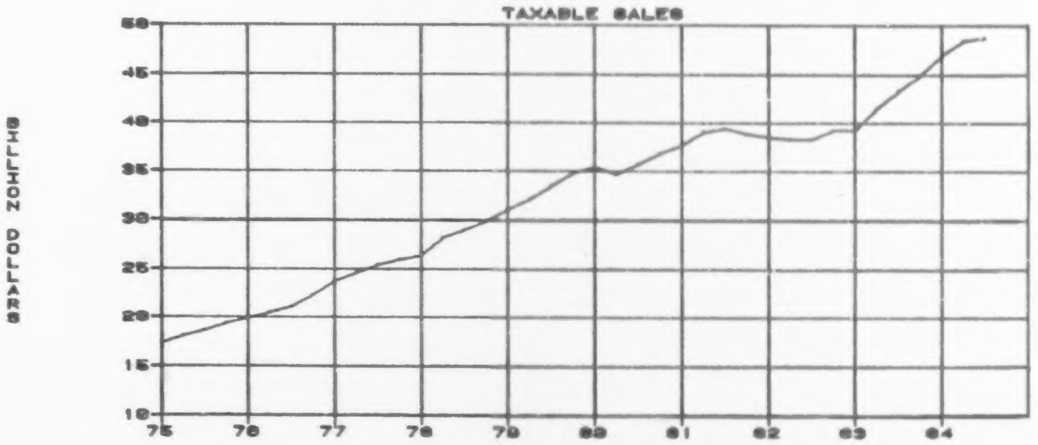
NONAGRICULTURAL EMPLOYMENT

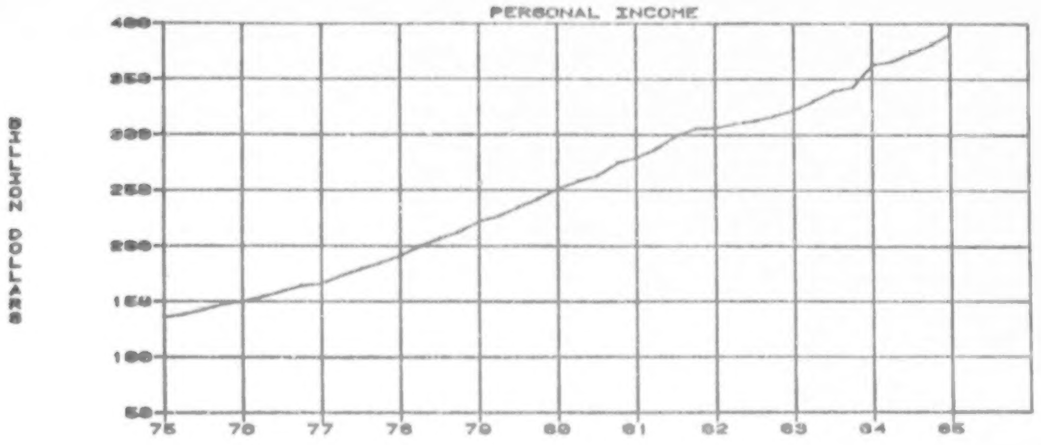


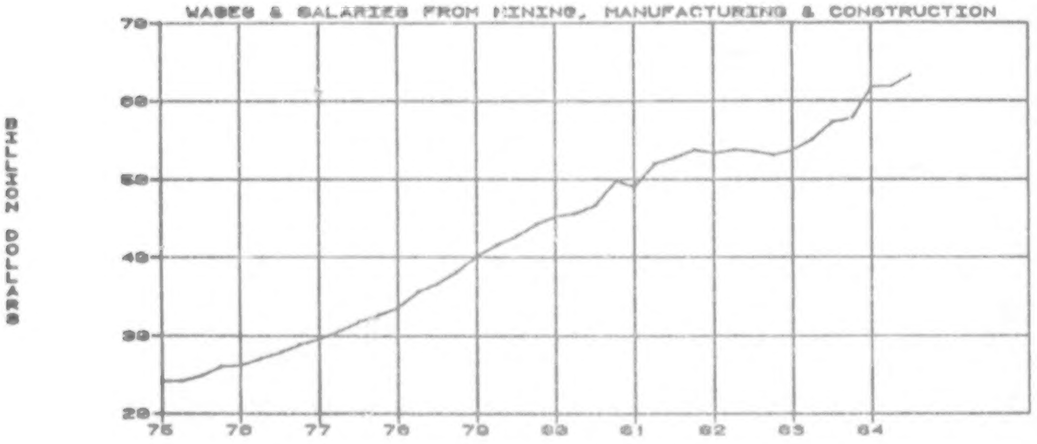
MANUFACTURING EMPLOYMENT

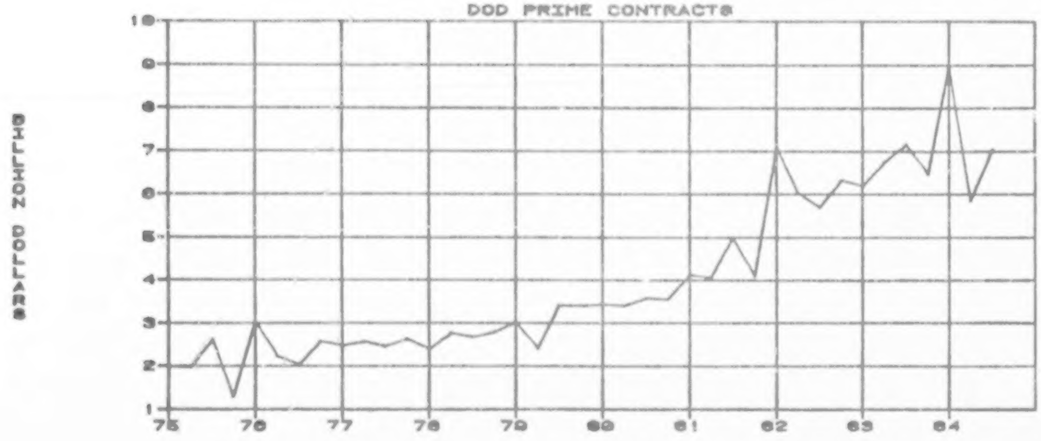

UNEMPLOYMENT RATE
PERCENT
12
11
10
9
8
7
6
5
75
76
77
78
79
80
81
82
83
84
85

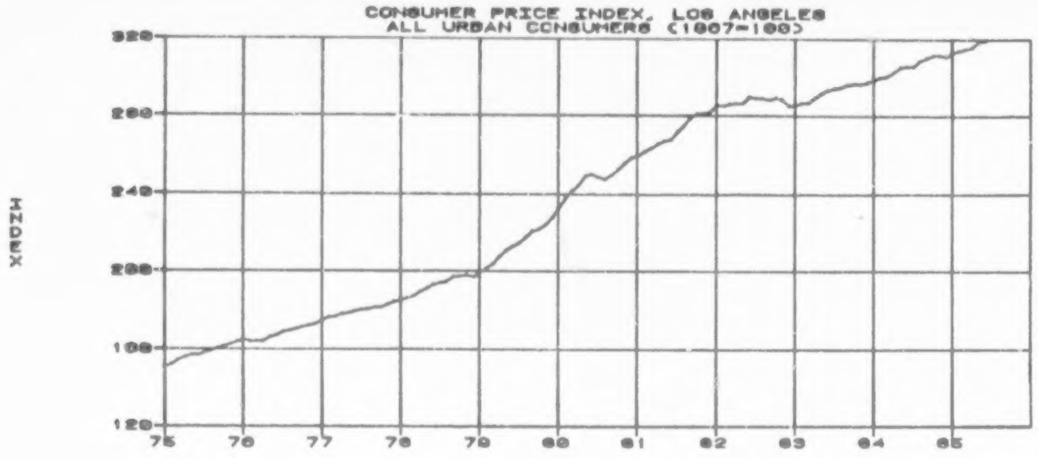

INSURED UNEMPLOYMENT, AVERAGE WEEKS CLAIMED
THOUSANDS
600
550
500
450
400
350
300
250
200
75
76
77
78
79
80
81
82
83
84
85

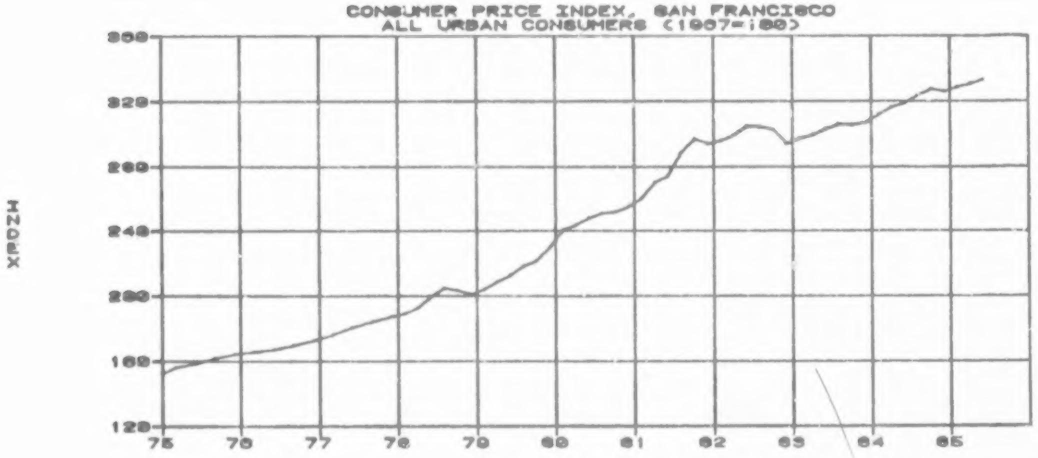

TAXABLE SALES
BILLION DOLLARS
50
45
40
35
30
25
20
15
10
75
76
77
78
79
80
81
82
83
84

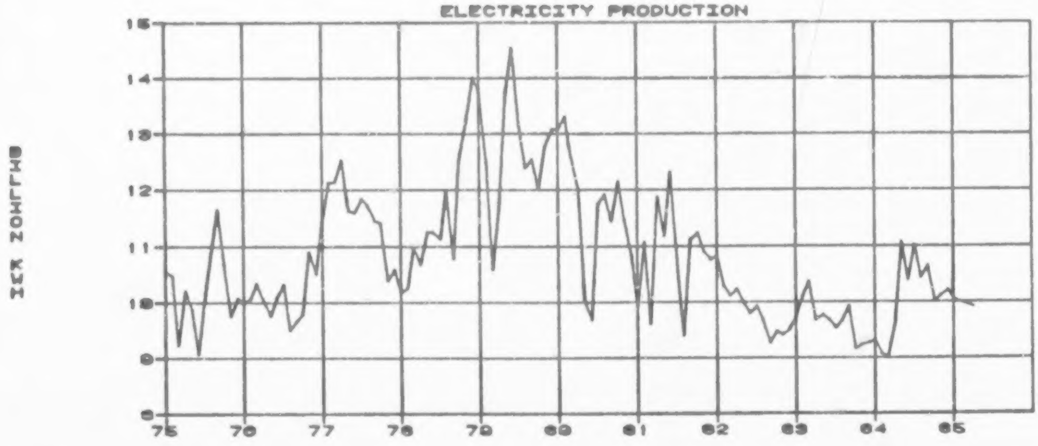

PERSONAL INCOME
BILLION DOLLARS
400
350
300
250
200
150
100
50
75
76
77
78
79
80
81
82
83
84
85


WAGES & SALARIES FROM MINING, MANUFACTURING & CONSTRUCTION
BILLION DOLLARS
70
60
50
40
30
20
75
76
77
78
79
80
81
82
83
84


DOD PRIME CONTRACTS
BILLION DOLLARS
10
9
8
7
6
5
4
3
2
1
75
76
77
78
79
80
81
82
83
84


CONSUMER PRICE INDEX, LOS ANGELES
ALL URBAN CONSUMERS (1967=100)
INDEX
320
280
240
200
160
120
75
76
77
78
79
80
81
82
83
84
85


CONSUMER PRICE INDEX, SAN FRANCISCO
ALL URBAN CONSUMERS (1967=100)
INDEX
360
320
280
240
200
160
120
75
76
77
78
79
80
81
82
83
84
85


ELECTRICITY PRODUCTION
MILLION KWH
15
14
13
12
11
10
9
8
75
76
77
78
79
80
81
82
83
84
85

## BASIC DATA FOR CALIFORNIA ECONOMIC SERIES
(Seasonally Adjusted Except as Noted)

| | Leading Indicators | | | | | | |
|---|---|---|---|---|---|---|---|
| Year and Month | Index of Leading Indicators (1972=100) | Average Weekly Hours, Manufacturing | Help Wanted Ads-- Los Angeles Area (thousands) | Initial Claims for Unemployment Insurance Weekly Avg. (thousands) | Overtime Hours Manufacturing | Total Housing Units Authorized (thousands) a/ | New Business Incorporations |
| **1981** | | | | | | | |
| January | 129.3 | 39.7 | 127.1 | 55.8 | 3.2 | [illegible] | 4,972 |
| February | 129.5 | 39.7 | 131.1 | 55.0 | 2.8 | 146.2 | 5,084 |
| March | 129.8 | 39.6 | 129.7 | 55.8 | 3.0 | 130.9 | 4,842 |
| April | 130.1 | 39.6 | 128.4 | 54.4 | 2.7 | 158.5 | 5,037 |
| May | 129.6 | 39.8 | 126.0 | 55.8 | 3.0 | 131.0 | 4,662 |
| June | 130.2 | 39.7 | 131.9 | 54.0 | 3.0 | 109.5 | 5,139 |
| July | 128.3 | 39.5 | 126.4 | 59.5 | 3.0 | 96.2 | 5,153 |
| August | 127.5 | 39.7 | 123.3 | 59.2 | 3.0 | 86.3 | 4,451 |
| September | 125.7 | 39.6 | 119.4 | 61.7 | 3.0 | 83.6 | 5,126 |
| October | 122.4 | 39.5 | 106.5 | 64.4 | 2.7 | 68.1 | 5,033 |
| November | 122.3 | 39.5 | 110.7 | 63.6 | 2.7 | 64.5 | 4,674 |
| December | 121.8 | 39.7 | 102.6 | 64.9 | 2.7 | 67.7 | 4,730 |
| **1982** | | | | | | | |
| January | 120.9 | 39.7 | 101.2 | 64.5 | 2.6 | 72.4 | 4,184 |
| February | 119.6 | 39.4 | 95.7 | 64.8 | 2.6 | 66.0 | 4,438 |
| March | 118.7 | 39.3 | 93.5 | 69.1 | 2.5 | 74.3 | 4,794 |
| April | 117.9 | 39.2 | 87.6 | 76.8 | 2.5 | 70.3 | 4,407 |
| May | 119.1 | 39.3 | 85.3 | 69.1 | 2.6 | 78.1 | 4,575 |
| June | 117.2 | 39.3 | 80.1 | 72.3 | 2.5 | 90.9 | 4,445 |
| July | 116.9 | 39.3 | 75.2 | 73.2 | 2.4 | 101.0 | 4,312 |
| August | 115.2 | 39.2 | 75.8 | 74.9 | 2.4 | 68.5 | 4,128 |
| September | 115.7 | 39.0 | 72.3 | 76.9 | 2.3 | 73.4 | 4,358 |
| October | 117.2 | 39.1 | 70.7 | 73.4 | 2.4 | 88.7 | 4,200 |
| November | 118.0 | 39.0 | 70.8 | 76.2 | 2.4 | 93.4 | 4,498 |
| December | 119.2 | 39.0 | 71.6 | 73.8 | 2.4 | 127.5 | 4,674 |
| **1983** | | | | | | | |
| January | 119.9 | 39.2 | 71.7 | 73.8 | 2.4 | 130.9 | 4,375 |
| February | 121.9 | 39.6 | 71.9 | 72.7 | 2.5 | 141.7 | 4,444 |
| March | 123.3 | 39.5 | 75.4 | 74.5 | 2.7 | 116.9 | 4,619 |
| April | 127.5 | 40.1 | 78.6 | 70.0 | 2.8 | 160.1 | 4,486 |
| May | 128.0 | 39.8 | 84.4 | 68.2 | 2.8 | 167.1 | 4,548 |
| June | 129.5 | 39.9 | 85.4 | 65.5 | 2.9 | 208.4 | 4,496 |
| July | 130.9 | 40.0 | 91.2 | 60.4 | 2.9 | 157.3 | 4,491 |
| August | 131.9 | 40.1 | 93.6 | 61.2 | 3.1 | 174.6 | 4,732 |
| September | 132.5 | 40.0 | 94.6 | 59.0 | 3.1 | 158.9 | 4,633 |
| October | 134.0 | 40.3 | 101.3 | 57.4 | 3.3 | 145.8 | 4,602 |
| November | 134.2 | 40.3 | 103.1 | 56.8 | 3.1 | 186.3 | 4,901 |
| December | 135.5 | 40.2 | 105.6 | 54.0 | 3.2 | 215.5 | 4,775 |
| **1984** | | | | | | | |
| January | 137.9 | 40.3 | 112.0 | 49.5 | 3.3 | 235.8 | 5,204 |
| February | 137.8 | 40.4 | 117.4 | 52.8 | 3.3 | 250.9 | 5,473 |
| March | 138.0 | 40.4 | 110.0 | 49.1 | 3.3 | 244.7 | 5,148 |
| April | 140.4 | 41.0 | 125.2 | 52.3 | 3.4 | 230.0 | 5,337 |
| May | 137.3 | 40.2 | 117.2 | 52.5 | 3.3 | 215.0 | 5,241 |
| June | 136.3 | 40.3 | 117.2 | 56.4 | 3.4 | 206.8 | 4,987 |
| July | 137.7 | 40.3 | 130.0 | 53.4 | 3.4 | 200.7 | 4,729 |
| August | 136.4 | 40.1 | 113.7 | 53.2 | 3.1 | 216.1 | 5,015 |
| September | 137.0 | 40.3 | 118.6 | 53.5 | 3.2 | 174.4 | 4,367 |
| October | 135.6 | 40.0 | 114.8 | 58.6 | 3.2 | 191.5 | 5,132 |
| November | 137.6 | 40.2 | 111.2 | 55.4 | 3.4 | 256.9 | 4,921 |
| December | 137.2 | 40.3 | 120.9 | 55.9 | 3.3 | 177.6 | 4,993 |
| **1985** | | | | | | | |
| January | 137.7 | 40.1 | 118.8 | 56.0 | 3.3 | 238.1 | 4,938 |
| February | 139.3 | 40.2 | 118.2 | 55.8 | 3.4 | 260.0 | 5,062 |
| March | 139.1 | 40.5 | 118.7 | 55.1 | 3.3 | 254.0 | 4,995 |
| April | 137.7 | 40.2 | 122.5 | 61.0 | 3.1 | 258.2 | 5,314 |
| May | 136.1 | 39.9 | 112.9 | 60.9 | 3.1 | 232.5 | 5,084 |

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a/Annual rate basis.
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## BASIC DATA FOR CALIFORNIA ECONOMIC SERIES (Continued)
(Seasonally Adjusted Except as Noted)

| | Coincident Indicators | | | | | | Other Indicators |
|---|---|---|---|---|---|---|---|
| Year and Month | Nonagricultural Employment (thousands) | Wages and Salaries in Mining, Manufacturing and Construction (mil dol.) a/ | Unemployment Rate | Insured Unemployment Average Weeks Claimed (thousands) | Personal Income (mil dol.) a/ | Taxable Sales (mil dol.) a/ | Manufacturing Employment (thousands) |
| **1981** | | | | | | | |
| January | 9,950.1 | | 7.3 | 354 | | | 2,021.1 |
| February | 9,945.4 | 49,060 | 7.3 | 372 | 278,922 | 37,723 | 2,018.3 |
| March | 9,947.8 | | 7.1 | 368 | | | 2,015.2 |
| April | 9,990.9 | | 7.1 | 357 | | | 2,023.6 |
| May | 10,011.1 | 51,807 | 6.6 | 344 | 287,721 | 39,014 | 2,030.3 |
| June | 10,025.6 | | 6.9 | 348 | | | 2,031.7 |
| July | 10,020.1 | | 7.3 | 356 | | | 2,035.1 |
| August | 10,017.6 | 52,737 | 6.9 | 367 | 300,325 | 39,464 | 2,031.0 |
| September | 10,003.0 | | 7.6 | 384 | | | 2,024.2 |
| October | 10,004.0 | | 8.2 | 382 | | | 2,025.3 |
| November | 9,964.9 | 54,052 | 8.0 | 400 | 305,795 | 38,858 | 2,010.7 |
| December | 9,953.0 | | 8.7 | 448 | | | 2,009.5 |
| **1982** | | | | | | | |
| January | 9,901.7 | | 8.7 | 428 | | | 1,990.3 |
| February | 9,897.2 | 53,629 | 8.8 | 445 | 305,460 | 38,538 | 1,982.5 |
| March | 9,875.0 | | 9.3 | 467 | | | 1,977.6 |
| April | 9,844.5 | | 9.4 | 504 | | | 1,968.7 |
| May | 9,835.5 | 53,676 | 9.5 | 506 | 310,246 | 38,309 | 1,959.3 |
| June | 9,821.2 | | 9.6 | 534 | | | 1,951.0 |
| July | 9,786.7 | | 10.3 | 519 | | | 1,941.6 |
| August | 9,757.4 | 53,277 | 10.3 | 542 | 313,398 | 38,354 | 1,930.2 |
| September | 9,756.8 | | 10.2 | 557 | | | 1,923.0 |
| October | 9,745.5 | | 10.8 | 565 | | | 1,913.7 |
| November | 9,744.0 | 53,342 | 11.2 | 562 | 317,323 | 39,293 | 1,905.8 |
| December | 9,736.5 | | 11.1 | 568 | | | 1,899.3 |
| **1983** | | | | | | | |
| January | 9,782.8 | | 11.0 | 529 | | | 1,903.4 |
| February | 9,778.3 | 53,824 | 11.1 | 538 | 321,331 | 39,269 | 1,904.4 |
| March | 9,796.1 | | 10.5 | 544 | | | 1,905.8 |
| April | 9,828.3 | | 9.9 | 519 | | | 1,909.1 |
| May | 9,855.1 | 55,174 | 10.4 | 506 | 330,190 | 41,515 | 1,917.6 |
| June | 9,907.0 | | 10.4 | 494 | | | 1,928.4 |
| July | 9,993.8 | | 9.0 | 426 | | | 1,937.2 |
| August | 9,998.0 | 57,427 | 9.7 | 443 | 340,516 | 43,357 | 1,948.9 |
| September | 10,103.2 | | 8.9 | 404 | | | 1,956.9 |
| October | 10,140.4 | | 8.6 | 398 | | | 1,963.1 |
| November | 10,187.2 | 57,812 | 8.4 | 394 | 342,928 | 44,943 | 1,978.4 |
| December | 10,204.8 | | 8.2 | 369 | | | 1,985.2 |
| **1984** | | | | | | | |
| January | 10,339.2 | | 8.4 | 374 | | | 2,013.9 |
| February | 10,396.9 | 61,906 | 8.0 | 349 | 362,929 | 46,934 | 2,027.7 |
| March | 10,444.6 | | 8.2 | 328 | | | 2,036.2 |
| April | 10,482.9 | | 7.8 | 326 | | | 2,045.6 |
| May | 10,533.1 | 61,946 | 7.7 | 338 | 366,247 | 48,455 | 2,047.5 |
| June | 10,569.9 | | 7.7 | 324 | | | 2,050.0 |
| July | 10,626.0 | | 7.9 | 346 | | | 2,059.8 |
| August | 10,679.4 | 63,481 r/ | 7.7 | 337 | 373,904 r/ | 48,772 | 2,064.6 |
| September | 10,669.5 | | 8.1 | 330 | | | 2,059.0 |
| October | 10,708.3 | | 7.5 | 367 | | | 2,062.6 |
| November | 10,777.7 | 63,389 r/ | 7.3 | 349 | 381,312 r/ | 49,692 | 2,079.3 |
| December | 10,780.6 | | 7.1 | 356 | | | 2,084.1 |
| **1985** | | | | | | | |
| January | 10,855.3 | | 7.3 | 386 | | | 2,090.3 |
| February | 10,895.1 | 65,837 | 6.7 | 367 | 391,318 | | 2,085.5 |
| March | 10,896.5 | | 6.9 | 358 | | | 2,077.5 |
| April | 10,929.9 | | 7.3 | 385 | | | 2,072.8 |
| May | 10,926.0 | | 7.1 | 387 | | | 2,058.5 |
| June | 10,917.7 | | 7.8 | | | | 2,053.9 |

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a/Annual rate basis.
r/Revised
FR:U163C1

## BASIC DATA FOR CALIFORNIA ECONOMIC SERIES (Continued)
(Seasonally Adjusted Except as Noted)

| | Other Indicators | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Consumer Price Index (1967=100)[b] | | | | | |
| | | San Francisco | | Los Angeles | | | |
| Year and Month | DOD Prime Contracts (mil dol.)[a] | Wage Earner and Clerical Worker | All Urban | Wage Earner and Clerical Worker | All Urban | Net New S&L Savings[b] (mil dol.) | Electricity Production (mil KWH) |
| 1981 | | | | | | | |
| July | | -- | -- | 276.3 | 272.2 | -1,019 | 10,527 |
| August | 4,979 | 287.2 | 287.9 | 278.6 | 274.8 | -1,015 | 9,394 |
| September | | -- | -- | 282.9 | 279.3 | -540 | 11,112 |
| October | | 295.6 | 297.0 | 284.9 | 281.3 | 667 | 11,222 |
| November | 4,078 | -- | -- | 285.3 | 281.6 | -384 | 10,897 |
| December | | 292.7 | 294.0 | 285.9 | 282.1 | -109 | 10,754 |
| 1982 | | | | | | | |
| January | | -- | -- | 289.6 | 285.6 | 384 | 10,823 |
| February | 7,080 | 294.9 | 295.8 | 289.2 | 285.4 | 172 | 10,285 |
| March | | -- | -- | 290.2 | 286.4 | -180 | 10,114 |
| April | | 297.8 | 298.8 | 290.3 | 286.6 | -1,084 | 10,223 |
| May | 6,020 | -- | -- | 290.6 | 287.1 | -46 | 9,973 |
| June | | 303.4 | 304.6 | 293.9 | 290.1 | -1,139 | 9,795 |
| July | | -- | -- | 293.0 | 289.3 | -142 | 9,916 |
| August | 5,683 | 302.8 | 304.3 | 292.8 | 289.1 | -411 | 9,676 |
| September | | -- | -- | 291.7 | 288.2 | 78 | 9,275 |
| October | | 301.3 | 302.4 | 292.8 | 289.5 | -614 | 9,471 |
| November | 6,326 | -- | -- | 291.6 | 288.5 | 779 | 9,413 |
| December | | 293.6 | 293.9 | 288.0 | 285.3 | 3,492 | 9,515 |
| 1983 | | | | | | | |
| January | | -- | -- | 288.0 | 285.6 | 5,803 | 9,731 |
| February | 6,173 | 293.9 | 297.3 | 290.1 | 286.8 | 2,738 | 10,094 |
| March | | -- | -- | 289.6 | 287.1 | 1,992 | 10,360 |
| April | | 294.7 | 299.3 | 290.2 | 289.5 | 2,301 | 9,683 |
| May | 6,740 | -- | -- | 292.1 | 292.0 | 2,381 | 9,767 |
| June | | 298.6 | 303.0 | 292.1 | 293.6 | 1,043 | 9,675 |
| July | | -- | -- | 293.2 | 294.5 | 2,066 | 9,533 |
| August | 7,157 | 301.6 | 306.0 | 293.7 | 295.2 | 3,207 | 9,658 |
| September | | -- | -- | 296.7 | 296.4 | 3,476 | 9,920 |
| October | | 301.4 | 305.7 | 299.0 | 297.0 | 1,678 | 9,155 |
| November | 6,462 | -- | -- | 297.8 | 296.5 | 273 | 9,231 |
| December | | 306.1 | 307.3 | 299.9 | 297.7 | 2,227 | 9,269 |
| 1984 | | | | | | | |
| January | | -- | -- | 297.9 | 299.1 | 3,508 | 9,318 |
| February | 8,930 | 308.7 | 311.7 | 299.0 | 300.2 | 1,754 | 9,066 |
| March | | -- | -- | 297.9 | 300.7 | 3,167 | 9,001 |
| April | | 311.1 | 316.4 | 298.9 | 302.8 | 3,393 | 9,618 |
| May | 5,843 | -- | -- | 303.1 | 305.4 | 5,312 | 11,054 |
| June | | 315.1 | 318.7 | 303.4 | 305.6 | 3,322 | 10,385 |
| July | | -- | -- | 300.3 | 305.9 | 3,244 | 11,006 |
| August | 7,045 | 322.7 | 323.4 | 305.1 | 308.6 | -970 | 10,425 |
| September | | -- | -- | 304.2 | 310.2 | -159 | 10,633 |
| October | | 319.3 | 327.5 | 302.5 | 311.9 | 2,260 | 10,012 |
| November | | -- | -- | 304.2 | 311.8 | 1,434 | 10,108 |
| December | | 321.5 | 325.8 | 306.5 | 311.1 | 2,092 | 10,205 |
| 1985 | | | | | | | |
| January | | -- | -- | 308.1 | 313.0 | 918 | 10,046 |
| February | | 324.2 | 328.7 | 309.1 | 314.1 | -2,349 | 8,800 |
| March | | -- | -- | 309.8 | 314.7 | -584 | 9,774 |
| April | | 326.1 | 330.4 | 311.2 | 315.9 | | 9,908 |
| May | | -- | -- | 314.1 | 319.1 | | |
| June | | 328.7 | 333.2 | 314.1 | 319.3 | | |

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[a] Quarterly data.
[b] Not adjusted for seasonal variation.
[r] Revised.

# CHRONOLOGY

The following summary lists economic, political, and natural developments which have influenced California economic indicators, and may account for unusual movements in the series. Appraisal of the charts will be facilitated in many cases by taking into consideration those factors which may be contributing to temporary directional changes in business activity which are not indicative of significant changes in the economic situation of the State. In addition, major national events of general interest have also been included.

## 1969

| | |
|---|---|
| January 1 | Social security contribution rate increased to combined 9.6 percent. |
| January 7 | Prime rate raised from 6-3/4 percent to 7 percent. |
| January 24 | FHA interest rate raised from 6-3/4 percent to 7-1/2 percent. |
| March 17 | Prime rate raised from 7 percent to 7-1/2 percent. |
| April 3 | Discount rate raised from 5-1/2 percent to 6 percent; reserve requirement raised. |
| June 9 | Prime rate raised from 7-1/2 percent to 8-1/2 percent. |
| June 12 | Required liquidity reserves of savings and loan associations lowered from 6-1/2 percent to 5 percent. |
| October 27-February 1970 | General Electric strike. |

## 1970

| | |
|---|---|
| January 1 | Personal income tax surcharge reduced to 5 percent. Withholding cut. |
| January 5 | FHA interest rate raised from 7-1/2 percent to 8-1/2 percent. |
| January 21 | Increased schedule of interest rates on time deposits and certificates of deposit in effect. |
| March 25 | Prime rate reduced from 8-1/2 percent to 8 percent. |
| April 2-June 2 | Teamster strike. |
| May 6 | Stock margin requirement cut from 80 percent to 65 percent. |
| July 1 | Personal income tax surcharge removed. |
| September 14-November 23 | UAW strike against GM. |
| September 22 | Prime rate reduced from 8 percent to 7-1/2 percent. |

## 1970--Continued

| | |
|---|---|
| November 10 | Discount rate reduced from 6 percent to 5-3/4 percent. |
| November 12 | Prime rate reduced from 7-1/2 percent to 7-1/4 percent. |
| November 23 | Prime rate reduced from 7-1/4 percent to 7 percent. |
| December 1 | Discount rate reduced from 5-3/4 percent to 5-1/2 percent. FHA interest rate reduced from 8-1/2 percent to 8 percent. |
| December 20 | 13-week extended duration unemployment benefits in effect. |
| December 22 | Prime rate reduced from 7 percent to 6-3/4 percent. |

## 1971

| | |
|---|---|
| January 6 | Prime rate reduced from 6-3/4 percent to 6-1/2 percent. |
| January 8 | Discount rate reduced from 5-1/2 percent to 5-1/4 percent. |
| January 12 | FHA interest rate reduced from 8 percent to 7-1/2 percent. |
| January 15 | Prime rate reduced from 6-1/2 percent to 6-1/4 percent. |
| January 18 | Prime rate reduced from 6-1/4 percent to 6 percent. |
| January 19 | Discount rate reduced from 5-1/4 percent to 5 percent. |
| February 4 | Rolls Royce bankruptcy announced. |
| February 9 | Los Angeles earthquake. |
| February 12 | Discount rate reduced from 5 percent to 4-3/4 percent. |
| February 16 | Prime rate reduced from 6 percent to 5-3/4 percent. |
| February 23 | Davis Bacon Act regulating construction wages on Federal projects suspended. Suspension revoked on March 29. Wage-price curbs ordered. |

### 1971--Continued

| | |
|---|---|
| March 16 | Prime rate reduced from 5-3/4 percent to 5-1/2 percent. |
| March 17 | Social security bill signed. Benefits raised 10 percent, retroactive to Jaunary 1, 1971. Contribution base raised to $9,000 effective January 1, 1972. |
| March 25 | SST program terminated. |
| April 1 | Interest rates on savings accounts in California banks generally reduced from 4-1/2 percent to 4 percent. |
| April 23 | Prime rate raised from 5-1/4 percent to 5-1/2 percent. |
| May 1 | Liquidity ratio for savings and loan associations raised from 6-1/2 percent to 7-1/2 percent. |
| May 17-18 | Rail strike. |
| June 1-July 27 | Communications workers strike against Western Union. |
| June 15-21 | Prime rate increased from 5-1/2 percent to 5-3/4 percent. General rise to 6 percent on July 7. |
| June 29-July 16 | Northern California construction strike. |
| July 1-October 6 | West Coast dock strike. |
| July 14-August 2 | Telephone strike. |
| July 15 | Discount rate raised from 4-3/4 percent to 5 percent. |
| July 16-August 2 | Rail strike. |
| July 31 | Steel strike averted by accord on contract. |
| August 2 | Lockheed loan guarantee approval. |
| August 3 | Teamsters walkout in Northern California against building contractors. |
| August 15-November 13 | President's economic policy message; 90-day wage-price freeze in effect. |
| October 1 | East and Gulf Coast longshoremen's strike. |
| October 20 | Prime rate reduced from 6 percent to 5-3/4 percent. Further reduction to 5-1/2 percent on November 4. |

### 1971--Continued

| | |
|---|---|
| November 11 | Discount rate reduced from 5 percent to 4-3/4 percent. |
| November 14 | Phase II of NEP in effect. |
| December 6 | Stock margin requirements cut from 65 percent to 55 percent. |
| December 10 | Revenue Act of 1971 signed into law. |
| December 13 | Discount rate reduced from 4-3/4 percent to 4-1/2 percent. Prime rate lowered from 5-1/2 percent to 5-1/4 percent.*<br>Intent to devalue U.S. dollar announced. |

### 1972

| | |
|---|---|
| January 17-February 20 | West Coast dock strike continued. |
| February 1-March 15 | Kaiser Steel Company strike. |
| July 1 | 20 percent increase in social security benefits signed into law. Effective September. |
| September 11 | Opening of BART Fremont-Oakland line. |
| September 21 | "Friends of Mammoth" decision. |
| November 24 | Stock margin requirements raised to 65 percent. |

### 1973

| | |
|---|---|
| January 11 | Phase III of NEP in effect. |
| January 15 | Discount rate raised from 4-1/2 percent to 5 percent. |
| January 27 | Viet Nam cease fire signed. |
| January 29 | Opening of BART Richmond-Oakland line. |
| February 12 | 10 percent devaluation of U.S. dollar announced. |
| March 2 | Major foreign currency exchanges closed. |
| March 29 | Price controls of meat announced. |

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* Adoption of a floating prime rate in November 1971 has resulted in frequent minor adjustments in the rate. Information on the range of rates at any one time and the rate charged by the majority of commercial banks may be obtained from the Federal Reserve Bulletin.

CHRONOLOGY--Continued

## 1973

| | |
|---|---|
| April 9-13 | Consumer meat boycott. |
| April 23 | Discount rate raised from 5-1/2 percent to 5-3/4 percent. |
| May 10 | Discount rate raised from 5-3/4 percent to 6 percent. |
| June 11 | Discount rate raised from 6 percent to 6-1/2 percent. |
| June 14 | 60-day price freeze announced. |
| July 2 | Discount rate raised from 6-1/2 percent to 7 percent. Increased reserve requirement on net demand deposits. |
| July 6 | Interest rates increased: FHA mortgage rate: 7 percent to 7-3/4 percent; bank savings rate: 4-1/2 percent to 5 percent; savings and loan rate: 5 percent to 5-1/4 percent. |
| July 18 | Phase IV announced. |
| August 27 | Prime rate at 9-3/4 percent in major institutions. |
| October 17 | Arab nations announce reductions in oil shipment. |
| November 5-December 18 | TWA strike. |

## 1974

| | |
|---|---|
| January 3 | Stock margin requirements cut from 65 percent to 50 percent. |
| February 1-11 | Independent truckers strike, midwest and east coast. |
| February 15 | Prime rate reduced to 9 percent. |
| February 22 | Prime rate reduced to 8-3/4 percent. |
| March 4 | California minimum wage increased to $2.00 per hour from $1.65. |
| March 18 | Arab oil embargo lifted. |
| March 27 | Prime rate increased to 9 percent from 8-3/4 percent. |
| March 28 | Prime rate further increased to 9-1/2 percent. |
| April 25 | Federal Reserve raised discount rate to 8 percent from 7-1/2 percent. |
| April 29 | Prime rate up to 10-3/4 percent. |

## 1974--Continued

| | |
|---|---|
| April 30 | Phase IV controls lifted in approximately 165 sectors of the economy. |
| June 17-August 4 | San Diego construction strike. |
| June 17-July 21 | Northern California construction strike. |
| July 1-Mid-August | Southern California construction strike. |
| July 1 | Transit strikes, San Francisco Bay Area. |
| August 2-October 21 | Los Angeles area transit strike. |
| August 8 | Resignation of President Nixon announced. |
| August 14 | FHA mortgage rate raised to 9-1/2 percent.<br>Prime rate reduced from 12 percent to 11-3/4 percent on limited basis. Prevailing rate on date of major changes:<br>October 21....11 1/2 percent<br>October 28....11 1/4 percent<br>November 4....11 percent<br>November 14...10 3/4 percent<br>November 25...10 1/2 percent |
| October 8 | Prime rate reduced from 12 percent to 11-3/4 percent by several more large banks. |
| November 12-December 9 | Coal strike. |
| December 9 | Discount rate reduced from 8 percent to 7-3/4 percent. |

## 1975

| | |
|---|---|
| January 6 | Federal Reserve discount rate cut from 7-3/4 percent to 7-1/4 percent. |
| January 10 | Oil Chemical Atomic Workers Union strike. |
| January 13 | Prime rate reduced to 10 percent. Further major cuts as follows:<br>Jannuary 21.....9 3/4 percent<br>January 31......9 percent<br>February 6......8 3/4 percent<br>February 19.....8 1/2 percent<br>March 3.........8 1/4 percent<br>March 8.........8 percent |
| January 21 | FHA mortgage rate reduced from 9 percent to 8-1/2 percent. |
| February 5 | Federal Reserve discount rate cut from 7-1/4 percent to 6-3/4 percent. |

### 1975--Continued

| | |
|---|---|
| March 10 | Federal Reserve discount rate cut from 6-3/4 percent to 6-1/4 percent. |
| March 24 | Prime rate reduced to 7-1/2 percent by most major banks. |
| March 25 | King Faisal assassinated. |
| March 29 | Tax reduction act signed into law. |
| May 19 | Prime rate reduced to 7-1/4 percent by several major banks. |
| June 10 | Prime rate reduced to 7 percent by most banks. |
| July 18 | Prime rate increased to 7-1/4 percent. Further gains as follows:<br>July 25.......7-1/2 percent<br>August 11.....7-3/4 percent<br>September 15....8 percent |
| September 1 | National Airlines strike. |
| October 16 | Reserve requirement on time deposits reduced from 3 percent to 1 percent. |
| October 24 | Prime rate reduced to 7-3/4 percent. Further reductions as follows:<br>October 31......7-1/2 percent<br>November 21.....7-1/4 percent |
| December 5-19 | United Airlines strike. |

### 1976

| | |
|---|---|
| January 12 | Prime rate lowered to 7 percent. |
| January 19 | Federal Reserve discount rate lowered from 6 percent to 5-1/2 percent. |
| January 21 | Prime rate reduced to 6-3/4 percent. |
| April 1-3 | Teamsters strike. |
| April 9-June 4 | Prime rate moving upward, 6-3/4 percent to 7-1/4 percent at most major banks. |
| April 21 | Rubber workers strike. |
| July 20-August 2 | Cannery workers strike. |
| August 2 | Prime rate reduced to 7 percent. Further reductions as follows:<br>October 4......6-3/4 percent<br>October 29.....6-1/2 percent<br>December 10....6-1/4 percent |

### 1976--Continued

| | |
|---|---|
| September 15-October 13 | Auto workers strike. |
| October 18 | California minimum wage raised to $2.50 per hour. |
| December 22 | Prime rate reduced to 6 percent by Chase Manhattan Bank. Most banks maintain a prime rate of 6-1/4 percent. |

### 1977

| | |
|---|---|
| May 16 | Prime rate raised to 6-1/2 percent. |
| May 31 | Prime rate raised to 6-3/4 percent. |
| August 22 | Prime rate raised to 7 percent. |
| August 30 | Federal Reserve discount rate raised from 5-1/4 percent to 5-3/4 percent, the first increase since April 1974. |
| September 16 | Prime rate raised to 7-1/4 percent. |
| October 1-November 24 | Longshoremen's strike against East and Gulf Coast ports. |
| October 7 | Prime rate raised to 7-1/2 percent. |
| October 10-January 4 | IAM-Lockheed strike. |
| October 24 | Prime rate raised from 7-1/2 percent to 7-3/4 percent. |
| October 25 | Discount rate raised from 5-3/4 percent to 6 percent. |
| December 6-March 24 | United Mine Workers strike. |

### 1978

| | |
|---|---|
| January 1 | U.S. minimum wage increased to $2.65 per hour. |
| January 9 | Discount rate raised from 6 percent to 6-1/2 percent. |
| January 10 | Prime rate raised to 8 percent. |
| February 28 | FHA mortgage rate raised from 8-1/2 percent to 8-3/4 percent. |
| April 1 | California minimum wage increased from $2.50 to $2.65 per hour. |
| April 1-May 28 | United Airlines strike. |
| May 4 | Prime rate raised from 8 percent to 8-1/4 percent. |

## CHRONOLOGY--Continued

### 1978--Continued

| | |
|---|---|
| May 8 | California savings and loan assocations raised mortgage rates from 9-3/4 percent to 10 percent. |
| May 12 | Discount rate raised to 7 percent. |
| May 23 | Federal funds rate increased to 7-1/2 percent. |
| | FHA-VA mortgage rate raised from 8-3/4 percent to 9 percent. |
| May 26 | Prime rate raised from 8-1/4 percent to 8-1/2 percent. |
| June 6 | Proposition 13 approved by California voters. |
| June 16 | Prime rate raised to 8-3/4 percent. |
| June 20 | OPEC announced a freeze on crude oil prices until December 16. |
| June 22 | Federal funds rate raised from 7-1/2 percent to 7-3/4 percent. |
| June 29 | FHA-VA mortgage rate raised to 9-1/2 percent. |
| June 30 | Prime rate raised to 9 percent. |
| July 10 | Discount rate raised to 7-1/4 percent. |
| July 18 | Teamsters union strike affecting supermarkets throughout Northern California. |
| August 20 | Retail clerks union strike in Southern California. |
| August 21 | Discount rate raised to 7-3/4 percent. |
| August 29 | Federal funds rate raised from 8-1/8 percent to 8-1/4 percent. |
| August 31 | Prime rate raised by some eastern banks from 9 percent to 9-1/4 percent. |
| September 15 | Prime rate raised to 9-1/2 percent. |
| September 22 | Discount rate raised from 7-3/4 percent to 9-3/4 percent. |
| September 28 | Prime rate raised from 9-1/2 percent to 9-3/4 percent. |

### 1978--Continued

| | |
|---|---|
| October 12 | Prime rate raised from 9-3/4 percent to 10 percent. |
| October 15 | Tax cut and energy bills passed by Congress. |
| October 16 | Discount rate raised from 8 percent to 8-1/2 percent. |
| October 18 | Federal funds rate raised from 8-3/4 percent to 8-7/8 percent. |
| October 24 | Prime rate raised from 10 percent to 10-1/4 percent. |
| | California mortgage rates raised from 10 percent to 10-1/4 percent at several savings and loan institutions. |
| October 24 | Phase II announced: voluntary guidelines on wages and prices. |
| November 1 | Discount rate raised from 8-1/2 percent to 9-1/2 percent. |
| | Prime rate raised to 10-1/2 percent. |
| November 3 | Prime rate raised from 10-1/2 percent to 10-3/4 percent. |
| November 13 | Prime rate raised from 10-3/4 percent to 11 percent. |
| November 24 | Prime rate raised to 11-1/2 percent. |
| November 27 | Federal funds rate raised from 9-3/4 percent to 9-7/8 percent. |
| December 4 | Rollover for 6-month certificates of deposit (CDs) began this week. |
| December 19 | Federal funds rate raised to 10 percent. |
| December 20 | Prime rate raised to 11-3/4 percent. |

### 1979

| | |
|---|---|
| January 1 | U.S. minimum wage increased to $2.90 per hour. |
| January 13 | Prime rate reduced to 11-1/2 percent. |
| March 15 | Terms for MMCs changed. 1/4 point differential over 9 percent eliminated. |
| March 27 | OPEC price increases: 9 percent. Selected surcharges imposed. |

## CHRONOLOGY--Continued

### 1979--Continued

| | |
|---|---|
| March 31 | United Airlines-machinist strike. |
| April 1-10 | Teamsters strike. |
| May 7 | Prime rate moved to 11-3/4 percent from 11-1/2 percent. |
| May 19 | Federal funds rate set at 7-1/4 percent. |
| May 26 | United Airlines strike ended. |
| May 30 | Interest rate on conventional mortgages raised to 11-3/4 percent. |
| June 12 | Prime rate reduced to 11-1/2 percent. |
| July 1 | Interest rates on passbook accounts up to 5.5 percent at Savings and Loans and 5.25 percent for banks. |
| July 20 | Discount rate raised from 9-1/2 percent to 10 percent. |
| August 16 | Discount rate raised to 10-1/2 percent. |
| August 24 | Federal funds rate raised from 11 percent to 11-1/4 percent. |
| August 26-September 10 | Los Angeles Rapid Transit District strike. |
| August 28 | Prime rate raised from 12 percent to 12-1/4 percent. |
| August 31-November 21 | BART strike. |
| September 4 | Federal funds rate raised from 11-1/percent |

### 1980

| | |
|---|---|
| February 25 | Prime rate raised to 16-1/2 percent. |
| February 27 | Ceilings on interest rates for government backed mortgages raised to 13 percent. |
| February 29 | Prime rate raised to 16-3/4 percent. |
| March 4 | Prime rate raised to 17-1/4 percent. |
| March 7 | Prime rate raised to 17-3/4 percent. |
| March 13 | Prime rate raised to 18-1/4 percent. |

### 1980--Continued

| | |
|---|---|
| March 14 | Announcement of tighter fiscal policies. |
| March 17 | Three percent discount rate surcharge imposed. |
| March 18 | Prime rate raised to 19 percent. |
| April 2 | Prime rate raised to 20 percent. |
| April 3 | FHA mortgages raised to 14 percent. |
| April 20 | Prime rate reduced to 19-1/2 percent. |
| April 28 | FHA mortgages reduced to 13 percent. |
| | Prime rate reduced to 18-1/2 percent. |
| May 5 | Prime rate reduced to 18 percent. |
| May 7 | Prime rate reduced to 17 percent. |
| May 8 | Discount rate surcharge reimposed. |
| May 12 | Prime rate reduced to 16-1/2 percent. |
| May 19 | Prime rate reduced to 16 percent. |
| May 28 | Discount rate lowered to 12 percent from 13 percent. |
| June 4 | Prime rate reduced to 13 percent. |
| June 12 | Discount rate lowered to 11 percent. Prime rate reduced to 12-1/2 percent. |
| June 20 | Prime rate reduced to 12 percent. |
| June 24 | Prime rate reduced to 11-1/2 percent. Some conventional mortgage rates fell to 12 percent. |
| June 25 | Carpenters strike in Northern California ended. |
| July 3 | ICC begins trucking industry deregulation. |
| July 21 | Motion picture and television industry strike. |
| July 22 | Prime rate reduced to 11 percent. |
| July 25 | Prime rate reduced to 10-3/4 percent. |

## 1980--Continued

| | |
|---|---|
| July 28 | Discount rate reduced to 10 percent. |
| August 5 | Prime rate raised to 11 percent. |
| August 27 | Prime rate raised to 11-1/2 percent. |
| September 5 | FHA mortgage interest rate raised from 11-1/2 to 12 percent. |
| September 12 | California morgage rate raised from 13-1/2 percent to 13-3/4 percent. |
| September 25 | Pacific Southwest Airlines (PSA) pilots strike begins. |
| September 26 | Discount rate raised from 10 to 11 percent. Prime rate raised from 12-1/2 percent to 12-3/4 percent. |
| October 2 | Prime raised from 13 to 13-1/2 percent. |
| October 3 | Prime raised to 14 percent. |
| October 15 | AFTA workers return to work. |
| October 23 | Screen Actors Guild strike ends. |
| October 30 | Prime raised from 14 to 14-1/2 percent. |
| November 7 | Prime raised from 14-1/2 to 15-1/2 percent. |
| November 14 | PSA pilots strike ends. |
| November 17 | Prime raised to 16 1/4 percent. Discount rate raised from 11 to 12 percent and surcharge imposed. |
| November 21 | Prime raised to 17 percent. |
| November 28 | Prime raised to 17-3/4 percent. |
| December 3 | Prime raised from 17-3/4 to 18-1/2 percent. |
| December 5 | Discount rate raised from 12 to 13 percent. Prime raised to 19 percent. |
| December 11 | Prime raised to 20 percent. |
| December 17 | Prime raised from 20 to 21 percent. |
| December 23 | Prime lowered from 21 to 20-1/2 percent. |

## 1981

| | |
|---|---|
| January 1 | Minimum wage raised from $3.10 to $3.35. |
| January 6 | Prime lowered to 20 percent. |
| January 20 | American hostages released from Iran. |
| January 20 | Ronald Reagan inaugurated as 40th President of the U.S. |
| January 28 | Deregulation of oil and gas industry announced, effective immediately. |
| January 29 | Prime rate lowered to 19-1/2 percent from 20 percent. |
| February 16 | General Motors and Ford rebate plans announced. |
| February 23 | Prime rate lowered to 18 percent. |
| March 2 | Prime rate lowered to 18-1/2 percent. |
| March 10 | Prime rate lowered to 18 percent. |
| March 16 | Prime rate lowered to 17-1/2 percent. |
| March 18 | Prime rate lowered to 17 percent. |
| March 26 | United mine workers strike. |
| April 13 | Prime rate raised to 17-1/2 percent. |
| April 29 | Prime rate raised to 18 percent. |
| May 4 | Prime rate raised to 19 percent. |
| May 5 | Discount rate raised from 13 percent to 14 percent. |
| May 8 | FHA-VA rate up to 15-1/2 percent from 14-1/2 percent. |
| May 11 | Prime rate raised to 19-1/2 percent. |
| May 22 | Prime rate raised to 20 percent. |
| May 27 | OPEC fails to agree on a uniform price schedule. OPEC officials freeze prices at current level. |
| June 5 | Dollar reaches highest level in international trading since December 1971. |

## CHRONOLOGY--Continued

### 1981--(Continued)

| | |
|---|---|
| June 8 | Coal miners end 72 day strike and ratify a 40-month contract. |
| July 8 | Prime rate raised to 20-1/2 percent. |
| August 3 | Air traffic controller's strike. |
| August 14 | President Reagan signs both the tax- and budget-cut bills into law. |
| August 18 | FHA-VA rate up to 16-1/2 percent from 15-1/2 percent. |
| September 1 | Prime rate lowered to 20 percent. |
| September 21 | Prime rate lowered to 19-1/2 percent. |
| September 22 | Fed surcharge cut to 3 percent from 4 percent. |
| October 6 | Prime rate lowered to 19 percent. |
| | Egyptian President Sadat assassinated. |
| October 13 | Prime rate lowered to 18 percent. |
| October 30 | OPEC price set at $34.00/barrel--the Saudi benchmark. |
| November 1 | Passbook interest rate raised 1/2 percent to 5-3/4 percent. |
| November 2 | Fed discount rate cut from 14 percent to 13 percent. |
| | Prime rate lowered to 17-1/2 percent. |
| November 10 | Prime rate lowered to 17 percent. |
| November 13 | Prime rate lowered to 16-1/2 percent. |
| | FHA mortgage rate lowered to 15-1/2 percent. |
| November 16 | Prime rate lowered to 16 percent. |
| November 17 | Fed eliminates 2 percent surcharge. Discount rate unaffected. |
| December 1 | Prime rate lowered to 15-1/2 percent. |
| December 4 | Fed discount rate lowered from 13 percent to 12 percent. |

### 1981--(Continued)

| | |
|---|---|
| December 12 | Martial law imposed in Poland. |

### 1982

| | |
|---|---|
| January 22 | Federal funds rate raised to 13-1/2 percent. |
| January 25 | FHA mortgage rate increased from 15-1/2 percent to 16-1/2 percent. |
| January 27 | Federal funds rate raised to 13-3/4 percent. |
| February 2 | Prime rate raised to 16-1/2 percent by Citibank and Crocker. |
| February 18 | Prime rate increased to 17 percent. |
| February 24 | Prime rate cut back to 16-1/2 percent. |
| March 1 | Ford-UAW Pact ratified. Workers give up two weeks of paid time off and annual 3 percent raises. |
| March 8 | Prime rate lowered to 16 percent. |
| March 16 | Prime rate back up to 16-1/2 percent. |
| April 1 | OPEC cuts production to 17.5 million barrels from current 18.2. Saudi bench mark set at $34/barrels. |
| April 5 | Unemployment rate nationally hits 9.0 percent tying the post-WW II high in May 1975. |
| April 12 | General Motor and United Auto Workers labor agreement approved. |
| April 26 | The U.S. consumer price index declined 0.3 percent--the first decline in 17 years and the largest drop in nearly a quarter of a century. |
| May 7 | U.S. unemployment rate reaches 9.4 percent for a post-WW II record. |
| May 13 | Braniff Air Lines ceases operation. |
| June 25 | Secretary of State Alexander Haig resigns. |
| June 28 | U.S. Supreme Court rules that federally chartered savings and loan associations cannot be prohibited from enforcing due-on-sale clauses in their mortgage contracts. |

### 1982--Continued

| | |
|---|---|
| July 20 | Discount rate lowered from 12 percent to 11-1/2 percent. Prime rate lowered from 16-1/2 percent to 16 percent. |
| July 27 | Prime rate lowered to 15-1/2 percent. |
| August 2 | Discount rate lowered to 11 percent. Prime rate lowered to 15 percent. |
| August 9 | Unemployment rate reached 9.8 percent in July--the highest level since a 9.9 percent rate in 1941. |
| August 16 | Discount rate cut from 11 percent to 10-1/2 percent. Most major banks lower their prime lending rates to 14-1/2 percent. |
| August 18 | Dow Jones Industrial Average rose 38.81 points--an all-time record. |
| August 19 | The stock market trading soared to a record 132,690,000 shares. |
| August 27 | Discount rate lowered to 10 percent. Prime rate lowered to 13.5 percent. |
| September 19 | National Football League players strike began. |
| | Railroad strike involving locomotive engineers began. |
| September 23 | Railroad strike ends. |
| September 24 | FHA mortgage loan rate lowered from 14 percent to 13.5 percent. |
| October 7 | Prime rate lowered to 13 percent. |
| October 12 | Discount rate lowered from 10 percent to 9-1/2 percent. |
| October 15 | Prime rate lowered to 12 percent. |
| November 1 | General Motors reduces auto financing interest rate from 18.0 percent to 10.9 percent. |
| November 22 | Discount rate cut from 9-1/2 percent to 9 percent. |
| November 23 | Prime rate lowered from 12 percent to 11-1/2 percent. |

### 1982 (Continued)

| | |
|---|---|
| December 13 | Discount rate cut to 8-1/2 percent. |
| December 14 | Introduction of money market deposit accounts by banks and S&Ls. |

### 1983

| | |
|---|---|
| January 5 | Super NOW accounts introducted. |
| January 11 | Prime rate lowered to 11 percent. |
| January 31 | Independent truckers strike begins. |
| February 10 | Independent truckers strike end. |
| February 15 | Toyota/GM agreement to build a small car in late 1984. |
| February 25 | Prime rate lowered to 10-1/2 percent. |
| March 14 | OPEC sets $29 per barrel benchmark price and production quota of 17.5 million barrels. |
| May 2 | A 6.5 magnitude earthquake strikes the town of Coalinga. |
| June 8 | The maximum rate on government-backed mortgages was raised from 11-1/2 percent to 12 percent. |
| June 18 | Paul Volcker reappointed as Federal Reserve Board Chairman. |
| June 24 | The Federal Budget deficit totalled a record $29.29 billion in May. |
| July 7 | The maximum rate on government-backed mortgages was raised from 12 percent to 12-1/2 percent. |
| July 13 | Chrysler Corporation announced it will repay the remaining $800 million in federally guaranteed loans by September, seven years before they are due. |
| July 25 | The Washington Public Power Supply System defaulted on $2.25 billion in bonds, creating the largest municipal default in U.S. history. |

## CHRONOLOGY--Continued

### 1983 (Continued)

| | |
|---|---|
| August 1 | California's $1.2 billion offering of revenue-anticipation notes, the State's largest note issue, drew strong investor interest. Notes totalling $700 million, maturing next April and June, were oversubscribed. |
| August 2 | The maximum rate on government backed mortgages rose from 12-1/2 percent to 13-1/2 percent. |
| August 7 | The Communications Workers of America and two other unions strike AT&T. |
| August 8 | Prime rate raised from 10-1/2 percent to 11 percent by most major banks. |
| August 23 | The maximum rate on government backed mortgages fell from 13-1/2 percent to 13 percent. |
| August 28 | AT&T strike ends. |
| September 1 | Soviet Union shoots down Korean Airlines Flight 007, New York to Seoul, near the Soviet Island of Salhalin, just north of Japan. |
| November 1 | Maximum rate on VA & FHA mortgages lowered from 13 percent to 12.5 percent. |
| November 3 | Strike against Greyhound Lines Inc. begins. |
| December 1 | FHA mortgage interest rates begin to float. VA rates are still pegged. |
| December 21 | Greyhound strike ends. |

### 1984

| | |
|---|---|
| January 3 | Breakup of AT&T becomes effective. |
| February 2 | Contemporaneous reserve accounting is required by Fed for all but the very small deposit-taking institutions. |
| March 19 | Prime rate raised from 11 percent to 11-1/2 percent. |
| March 20 | Maximum rate on VA loans raised from 12-1/2 to 13 percent. |

### 1984 (Continued)

| | |
|---|---|
| April 4 | Prime rate raised from 11-1/2 percent to 12 percent. |
| April 9 | Discount rate raised from 8-1/2 percent to 9 percent; the first change in 3 years. |
| May 5 | Prime rate raised from 12 percent to 12-1/2 percent. |
| June 26 | Prime rate raised from 12-1/2 percent to 13 percent. |
| September 3 - December 7 | Hotel and restaurant strike - San Francisco. |
| September 15 - October 14 | UAW-General Motors strike. |
| September 28 | Prime rate reduced from 13 percent to 12-3/4 percent. |
| October 16 | Prime rate reduced from 12-3/4 percent to 12-1/2 percent. |
| October 28 | Prime rate reduced from 12-1/2 percent to 12 percent. |
| November 7 | Prime rate reduced from 12 percent to 11-3/4 percent. |
| November 21 | Discount rate reduced from 9 percent to 8-1/2 percent. |
| November 28 | Prime rate reduced from 11-3/4 percent to 11-1/4 percent. |
| December 17 | Prime rate reduced from 11-1/4 percent to 10-3/4 percent. |
| December 24 | Discount rate reduced from 8-1/2 percent to 8 percent. |

### 1985

| | |
|---|---|
| January 1 | Federal price controls removed from approximately half of the natural gas produced in the United States. |
| January 15 | Prime rate reduced from 10-3/4 percent to 10-1/2 percent. |
| March 9 | Home State Savings Bank Cincinnati, Ohio closed. |
| March 15 | Seventy Ohio thrift institutions closed to prevent run on deposits. |
| March 25 | Maximum rate on VA loans raised from 12-1/2 percent to 13 percent. |

1985 (Continued)

| | |
|---|---|
| May 2 | Auto manufacturer's initiate low interest loan programs. |
| May 17 | United Airlines--Air Pilots Association strike. |
| May 17 | Prime rate reduced from 10-1/2 percent to 10 percent. |
| May 20 | Dow Jones Industrials close above 1,300 for the first time. |
| May 29 | Presidents' tax reform plan unveiled. |
| June 14 | United Airlines--Air pilots Association strike over. |
| June 18 | Prime rate reduced to 9 1/2 percent from 10 1/2 percent. |
| July 16 | Conventional mortgage rates fell to 12.03 percent average--the lowest since October 1979. |
| July 22 | 8,200 steelworkers go on strike at Wheeling Pittsburgh--the industry's first major walkout in 26 years. |

# SOURCES OF STATISTICAL SERIES

| | |
|---|---|
| Employment Development Department Employment Data and Research | Civilian Employment<br>Unemployment<br>Unemployment rate<br>Nonagricultural employment<br>Manufacturing employment<br>Hours and earnings<br>Nonagricultural placements<br>Initial claims for unemployment insurance<br>Insured unemployment<br>Index for production worker hours |
| Department of Industrial Relations Division of Labor Statistics and Research | California consumer price index |
| Department of Finance | Personal income<br>Wages and salaries<br>Index of leading indicators |
| Department of Motor Vehicles | New auto registrations |
| State Board of Equalization | Taxable sales |
| Security Pacific National Bank | Housing units authorized<br>Valuation of nonresidential construction |
| U.S. Department of Commerce | Retail sales |
| U.S. Bureau of Labor Statistics | Consumer price indices |
| U.S. Department of Defense | Prime defense contracts |
| U.S. Department of Energy | Electricity production |
| California Redwood Association | Lumber production |
| Conservation Committee of California Oil Producers | Petroleum production |
| American Iron and Steel Institute | Steel production |
| U.S. Bureau of Mines | Cement production |
| California Secretary of State | New business incorporations |
| Federal Reserve Bank of San Francisco | Demand deposits<br>Commercial and industrial loans |

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# REFERENCE DATES OF UNITED STATES BUSINESS CYCLES, 1854-1982

| Initial Trough | Peak | Terminal Trough | Expansion (months) | Contraction (months) | Total (months) |
|---|---|---|---|---|---|
| Dec. 1854 | June 1857 | Dec. 1858 | 30 | 18 | 48 |
| Dec. 1858 | Oct. 1860 | June 1861 | 22 | 8 | 30 |
| June 1861 | April 1865 | Dec. 1867 | 46 | 32 | 78 |
| Dec. 1867 | June 1869 | Dec. 1870 | 18 | 18 | 36 |
| Dec. 1870 | Oct. 1873 | March 1879 | 34 | 65 | 99 |
| March 1879 | March 1882 | May 1885 | 36 | 38 | 74 |
| May 1885 | March 1887 | April 1888 | 22 | 13 | 35 |
| April 1888 | July 1890 | May 1891 | 27 | 10 | 37 |
| May 1891 | Jan. 1893 | June 1894 | 20 | 17 | 37 |
| June 1894 | Dec. 1895 | June 1897 | 18 | 18 | 36 |
| June 1897 | June 1899 | Dec. 1900 | 24 | 18 | 42 |
| Dec. 1900 | Sept. 1902 | Aug. 1904 | 21 | 23 | 44 |
| Aug. 1904 | May 1907 | June 1908 | 33 | 13 | 46 |
| June 1908 | Jan. 1910 | Jan. 1912 | 19 | 24 | 43 |
| Jan. 1912 | Jan. 1913 | Dec. 1914 | 12 | 23 | 35 |
| Dec. 1914 | Aug. 1918 | March 1919 | 44 | 7 | 51 |
| March 1919 | Jan. 1920 | July 1921 | 10 | 18 | 28 |
| July 1921 | May 1923 | July 1924 | 22 | 14 | 36 |
| July 1924 | Oct. 1926 | Nov. 1927 | 27 | 13 | 40 |
| Nov. 1927 | Aug. 1929 | March 1933 | 21 | 43 | 64 |
| March 1933 | May 1937 | June 1938 | 50 | 13 | 63 |
| June 1938 | Feb. 1945 | Oct. 1945 | 80 | 8 | 88 |
| Oct. 1945 | Nov. 1948 | Oct. 1949 | 37 | 11 | 48 |
| Oct. 1949 | July 1953 | May 1954 | 45 | 10 | 55 |
| May 1954 | Aug. 1957 | April 1958 | 39 | 8 | 47 |
| April 1958 | April 1960 | Feb. 1961 | 24 | 10 | 34 |
| Feb. 1961 | Dec. 1969 | Nov. 1970 | 106 | 11 | 117 |
| Nov. 1970 | Nov. 1973 | March 1975 | 36 | 16 | 52 |
| March 1975 | Jan. 1980 | July 1980 | 58 | 6 | 64 |
| July 1980 | July 1981 | November 1982 | 12 | 16 | 28 |

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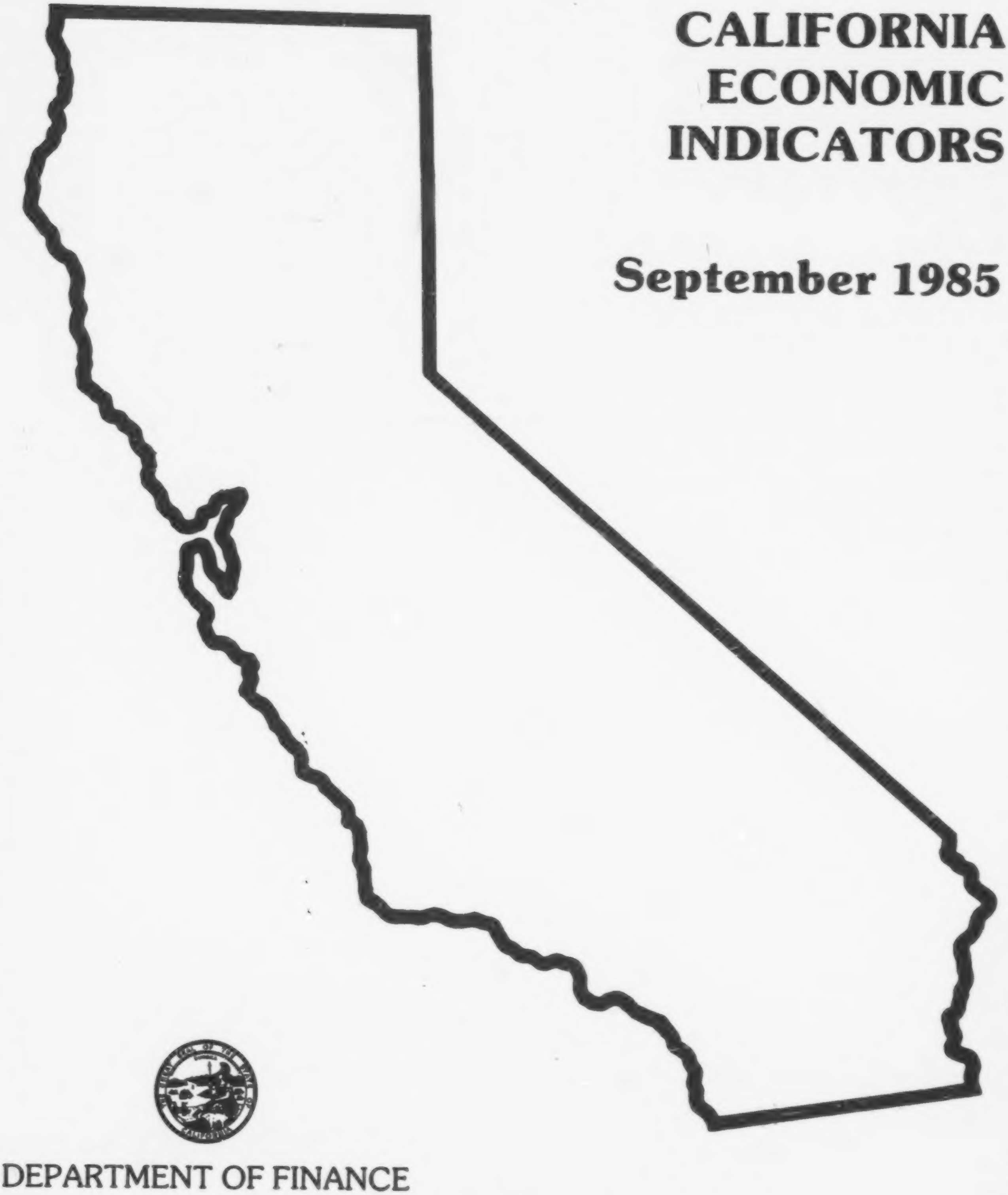

# CALIFORNIA ECONOMIC INDICATORS

## September 1985

DEPARTMENT OF FINANCE

# INTRODUCTION

California Economic Indicators is a bimonthly summary of economic trends and data relating to the State of California. Generally patterned after the U.S. Census Bureau publication Business Conditions Digest, the report contains the following regular features:

- review of economic developments
- current California economic data table
- economic indicator charts
- basic data for California economic series
- chronology of major economic events

Developments in California over the most recent months are reviewed in a brief text, and then summarized in a current data table which shows changes over the previous year. Charts containing monthly and quarterly series from 1972 are included to facilitate the review of current developments, and to appraise the significance of the developments on the State economy. Much of the data in the report has been seasonally adjusted by the source agency or the Department of Finance.

Sources are cited on the inside back cover to assist readers in obtaining any additional information on the statistical series published. Finally, reference dates for U.S. business cycles, as determined by the National Bureau of Economic Research, are shown on the back of the publication.

The Department of Finance welcomes suggestions on additions or changes which would make the Indicators a more useful publication. Correspondence should be addressed to: State of California, Department of Finance, Financial Research Unit, 1025 P Street, Sacramento, CA 95814.

Subscriptions are $8.00 per year, and begin with the January issue. The subscription price will be prorated throughout the year based upon the beginning subscription date, as shown below:

| Beginning Subscription Date | Prorated Amount Due |
|---|---|
| January | $8.00 |
| March | 6.75 |
| May | 5.40 |
| July | 4.05 |
| September | 2.70 |
| November | 1.35 |

Mail Subscription requests and prepayment (no billing available) to the California Department of Finance, P.O. Box 151, Sacramento, CA 95801. Make checks payable to the California Department of Finance.

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# REVIEW OF ECONOMIC DEVELOPMENTS

The California economy continues to experience slow, but steady growth. Although there have been no recent dramatic occurrences in any one sector, economic activity seems to have picked up a bit in the third quarter. Employment and income continue to exhibit slow to moderate increases. Inflation remains in the 4.5 to 5.0 percent range, and construction activity has eased back gradually, rather than plunging, after the recent surge.

The overall employment situation in California remains fairly good, even though employment gains have tapered off since the beginning of the year. Between August 1984 and August 1985 civilian employment was up 1.0 percent. This gain was accompanied by a 0.6 percent increase in the labor force.

The statewide unemployment rate edged up to 7.3 percent in August. The rate is 0.1 percentage point higher than in July, but 0.4 percentage points lower than the rate in August of 1984. After six months with an unemployment rate of 7.3 percent, the national rate fell to 7.0 percent in August.

In terms of nonagricultural wage and salary employment, the overall increase of 2.2 percent brought the number of nonfarm workers in the State to 10,911,800 in August, adding 112,000 new jobs since last August. The largest gains continue to be made in the construction and trade sectors. Construction employment rose by 6.7 percent, while trade employment was up 4.5 percent. The services and finance sectors posted healthy gains also, rising 2.7 and 3.8 percent, respectively. The transportation, communications and utilities sector, along with government, continues to experience subdued, but steady, employment growth. One area of particular concern has been the manufacturing sector. Manufacturing employment plunged 9.2 percent in August, coming down from the plateau of earlier this year. Mining employment also fell; it registered 5.8 percent lower than a year ago.

Personal income continues the strong upward trend it has exhibited since the third quarter in 1984. Total personal income was estimated at a $397.7 billion seasonally adjusted annual rate in the second quarter of 1985, a 4.7 percent increase on a compounded annual rate basis, from the first quarter. Wages and salaries, the largest component of personal income, grew 5.0 percent.

Other income components moved up at a healthy pace also. However, interest income has leveled off, probably in response to falling interest rates over the past few quarters. Rental income and dividends both made significant gains, rising 15.7 and 5.5 percent, respectively.

Other labor income increased by 6.0 percent, and nonfarm proprietors' income outpaced farm proprietors' income in the second quarter, advancing 11.3 percent. Transfer payments, up more modestly, rose 3.6 percent.

A slightly revised estimate of income in the fourth quarter of 1984 indicates income rose to $370.8 billion in 1984, a gain of 11.1 percent from the 1983 level. A more thorough revision of the personal income figures for the State is currently underway. These revisions, going back to 1982, will be reported in the next issue.

Price trends remain moderate in the State. The California consumer price index increased 4.8 percent between August of 1984 and August of 1985. Although this was a greater increase than the national gain of 3.4 percent, it still indicates overall restraint in prices.

The individual components of the index exhibit a wide range of patterns. Residential rents are still soaring--increasing at rates of 8.1 to 10.4 percent in California. Nationwide, rents were up 6.2 percent in August from the year-earlier level. Homeowners' costs made year-over-year gains of 6.8 percent and 6.9 percent in the San Francisco and Los Angeles areas, respectively. In San Diego, homeowners' costs jumped up 12.9 percent in July from the level in July of 1984. In contrast to the more rapid pace of housing prices, food prices have been quite stable, showing year-over-year gains of less than 2.0 percent in all regions. Transportation prices have also continued to ease back. Both new car prices and gasoline prices have contributed to the overall slow to moderate growth in transportation prices.

Construction activity has been easing back over the past few months after a surge which resulted from lower interest rates, speculation about tax law changes, and various demographic factors. Housing unit authorizations fell 6.2 percent from May to June, but remains 1.7 percent above the level for June of 1984. The year-over-year increase brought housing unit authorizations to a 210,300 seasonally adjusted annual rate.

Nonresidential building activity has not tapered off as steadily as residential building. In fact, the value of nonresidential building permits increased in both June and July. In July nonresidential building authorizations were valued at $1,108,000,000, which is 22.2 percent higher than the year earlier figure.

New business incorporations jumped up 4.0 percent from June to July, and were up 9.8 percent from July of 1984. But other indicators of the business climate show mixed trends. Help wanted ads increased 3.0 percent between June and July, but were down 6.8 percent over the year. Retail sales are still strong. They grew 4.0 percent between June of 1984 and June of 1985. California also increased its share of nationwide retail sales to 12.0 percent in June. On the downside, auto sales declined for the third month in a row. In June new fee-paid auto registrations fell 2.5 percent from the year-earlier number.

The current employment and income figures, combined with inflation in the 4.5 to 5.0 percent range, and mixed signals from some sectors, point to an outlook of steady, but somewhat tempered growth for California through the end of the year.

# CURRENT CALIFORNIA ECONOMIC DATA

| | 1985 | | | | 1984 | | Percent Change August 1984-August 1985 |
|---|---|---|---|---|---|---|---|
| | August | July | June | May | August | July | |
| **Employment** a/ | | | | | | | |
| Civilian employment (000) | 11,733 | 11,799 | 11,720 | 11,785 | 11,621 | 11,546 | 1.0 |
| Unemployment (000) | 922 | 911 | 996 | 904 | 964 | 990 | -4.4 |
| Unemployment rate | 7.3 | 7.2 | 7.8 | 7.1 | 7.7 | 7.9 | -- |
| Nonagricultural wage and salary a/ employment b/ (000) | 10,911.8 | 10,883.7 | 10,864.9 | 10,875.2 | 10,679.4 | 10,626.0 | 2.2 |
| Mining | 47.3 | 47.1 | 47.5 | 48.0 | 50.2 | 48.9 | -5.8 |
| Construction | 482.6 | 482.0 | 477.4 | 483.6 | 452.1 | 451.7 | 6.7 |
| Manufacturing | 2,045.6 | 2,042.7 | 2,053.3 | 2,063.4 | 2,064.6 | 2,059.8 | -9.2 |
| Aerospace c/ | n.a. | 734.6 | 735.3 | 735.4 | 727.5 | 719.4 | -- |
| Transportation and public utilities | 567.2 | 566.9 | 567.8 | 570.6 | 563.5 | 558.9 | 0.7 |
| Trade | 2,644.5 | 2,641.7 | 2,641.7 | 2,633.1 | 2,531.0 | 2,519.2 | 4.5 |
| Finance, insurance, and real estate | 722.9 | 721.9 | 717.5 | 715.0 | 696.5 | 693.5 | 3.8 |
| Services | 2,652.6 | 2,636.2 | 2,624.0 | 2,623.5 | 2,583.7 | 2,559.8 | 2.7 |
| Government | 1,749.1 | 1,745.2 | 1,735.7 | 1,738.0 | 1,737.8 | 1,734.2 | 0.7 |
| Federal | 336.5 | 335.4 | 335.0 | 336.8 | 330.2 | 329.0 | 1.9 |
| State and local | 1,412.6 | 1,409.8 | 1,400.7 | 1,401.2 | 1,407.6 | 1,405.2 | 0.4 |
| **Hours and Earnings, Manufacturing** | | | | | | | |
| Average weekly hours | n.a. | 39.7 | 40.3 | 40.0 | 40.2 | 39.9 | -- |
| Average weekly earnings | n.a. | $402.56 | $407.43 | $402.00 | $394.36 | $391.02 | -- |
| Average hourly earnings | n.a. | $10.14 | $10.11 | $10.05 | $9.81 | $9.80 | -- |
| **Index of Leading Indicators** | n.a. | 136.6 | 136.9 | 136.0 | 136.4 | 137.7 | -- |
| **Trade** a/ | | | | | | | |
| Retail sales (millions) | n.a. | n.a. | $13,677 | $14,450 | $13,117 | $12,774 | -- |
| New auto registrations (number) | n.a. | n.a. | n.a. | 71,247 | 98,933 | 97,440 | -- |
| **New Incorporations (number)** a/ | n.a. | 5,007 | 4,816 | 5,087 | 4,980 | 4,559 | -- |
| **Consumer Price Index, all items** d/ | | | | | | | |
| California average (1967=100) | 331.8 | n.a. | 328.2 | n.a. | 316.7 | n.a. | 4.8 |
| San Francisco (1967=100) | 335.8 | n.a. | 333.2 | n.a. | 323.4 | n.a. | 3.8 |
| Los Angeles (1967=100) | 323.9 | 321.3 | 319.3 | 319.1 | 308.6 | 305.9 | 5.0 |
| San Diego (1967=100) | n.a. | 372.8 | n.a. | 372.1 | n.a. | 351.3 | -- |
| **Production** | | | | | | | |
| Petroleum (000 barrels daily) | n.a. | n.a. | n.a. | 1,165.4 | 1,138.2 | 1,124.0 | -- |
| Portland cement (000 short tons) | n.a. | 840.8 | 800.2 | 863.0 | 845.2 | 777.9 | -- |
| Raw steel (000 net tons) e/ | n.a. | n.a. | n.a. | 26.0 | 28.7 | 33.3 | -- |
| Selected redwood mill production (mil. FBM) | n.a. | 64.47 | 65.0 | 66.8 | 70.37 | 57.11 | -- |
| **Construction** a/ | | | | | | | |
| Private residential housing units authorized, SAAR (000) | n.a. | n.a. | 210.3 | 224.1 | 216.1 | 200.7 | -- |
| Nonresidential building authorized, valuation (millions) | n.a. | $1,108 | $1,091 | $1,057 | $981 | $907 | -- |

---

a/ Adjusted for seasonal variation.

b/ Interim series of wage and salary workers. This unofficial series is adjusted for the latest tabulations of unemployment insurance coverage and approximates what the official data will be when estimates are updated at year end

c/ The Interim Series does not give a breakdown for aerospace employment. These values are from the EDD official employment series, and are not seasonally adjusted.

d/ All urban series. New basis since January 1983.

e/ Beginning in June 1985, raw steel production is no longer reported for California alone to avoid disclosing information about individual companies.

p/ Preliminary estimate.

r/ Revised.

n.a. Not available

# ECONOMIC INDICATOR CHARTS

Series classification as leading or coincident indicators generally follows that established by the National Bureau of Economic Research. The exceptions to this are production worker man-hours, insured unemployment, manufacturing employment, and taxable sales. These series are discussed in the technical note below.

Data are plotted either monthly or quarterly. The Arabic numeral in the right hand corner of each graph indicates the latest month or quarter for which the data are plotted (e.g.: 1 = January or first quarter). The basic data tables indicate the frequency of each of the series plotted.

## TECHNICAL NOTE

Whenever appropriate, data used in the charts have been seasonally adjusted. The series on average weekly hours of production workers in manufacturing and production worker man-hours are adjusted by the Bureau of Labor Statistics method. Other series have been adjusted by the Bureau of the Census (Shiskin) method. Persons interested in a detailed description of these methods are referred to the U.S. Department of Labor, Bureau of Labor Statistics, the BLS Seasonal Factor Method (1964); and the U.S. Department of Commerce, Bureau of the Census, Technical Paper No. 15, The X-11 Variant of the Census Method II, Seasonal Adjustment Program (November 1965.)

Under the Census Bureau seasonal method, the addition of new data points changes historical seasonal factors. To avoid monthly data changes in the California Economic Indicators it is necessary to "freeze" the seasonally adjusted data through the past year and manually compute current year values from the projected seasonal factors. Thus historical revisions will be incorporated annually.

### Production Worker Man-Hours

This series is a substitute for the man-hours in nonagricultural establishments series used in the Census Bureau's publication, Business Cycle Developments. It is the cross product of average weekly hours of production workers in manufacturing and manufacturing employment. Workweek data are a leading indicator. Manufacturing employment appears to be a coincident indicator, although at times it seems to lead economic downturns. Because of this, the man-hours series has been classified in the present publication as a leading indicator.

### Insured Unemployment

The series on total insured unemployment is being used rather than the insured unemployment rate included in the Census Bureau's indicator list. The insured rate is available only with a lag of nine months, which precludes its usefulness as a current indicator.

### Manufacturing Employment

This series is also an addition to the Census Bureau indicator list. It was used here because it appears to show cyclical fluctuations clearly and extends the limited number of series presently available for the State.

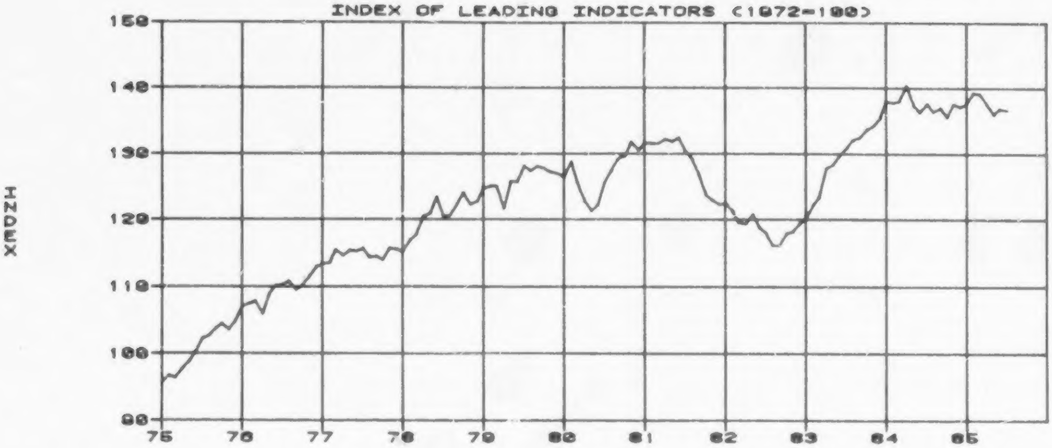
### Taxable Sales

Taxable sales are used here as a proxy for retail trade. Data on the latter are not available for California prior to 1964. The taxable series includes sales by both retail and wholesale establishments, and is therefore a broad indicator of business activity. It has been classified as a coincident indicator on the basis of fluctuations in the series since 1950.

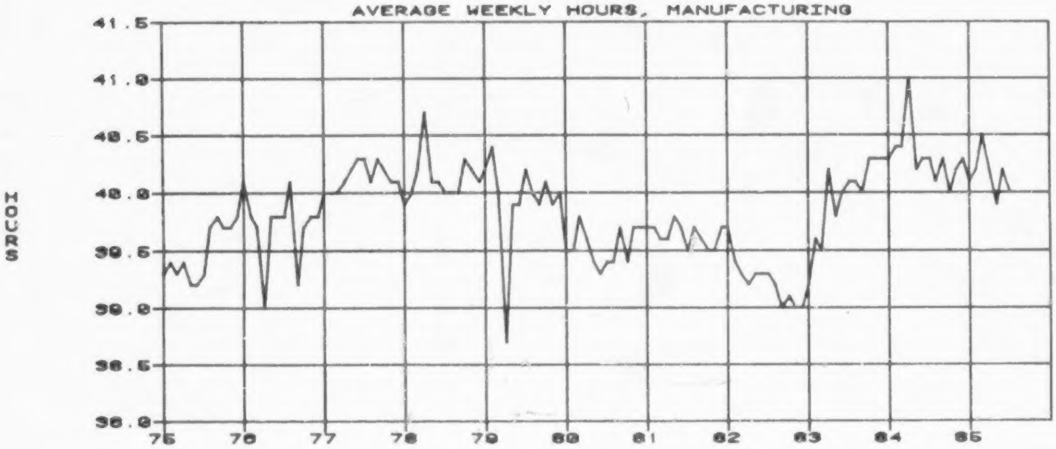
The other indicators shown are for general interest only. They are not directly related to the cyclical indicator series, but will be of interest to persons looking at overall economic developments.

### Standard Abbreviations

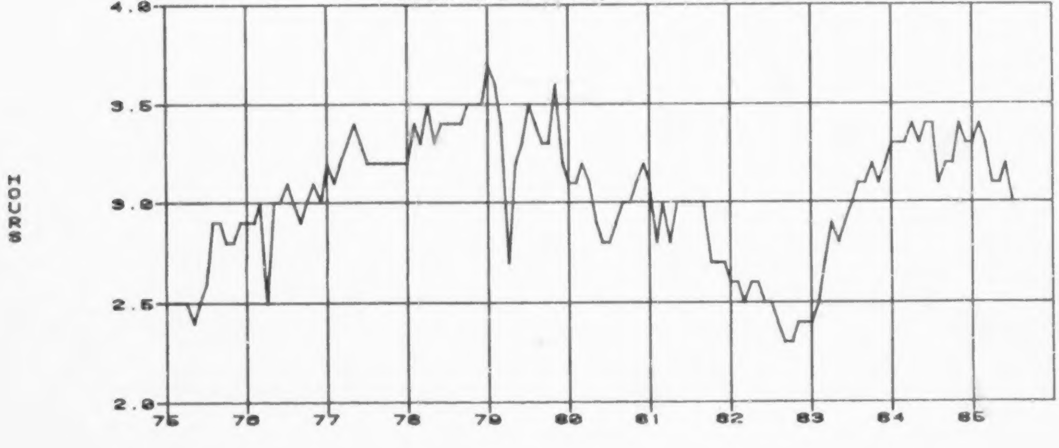
| | | | |
|---|---|---|---|
| n.a. | Not available | p | Preliminary |
| e | Estimate | r | Revised |



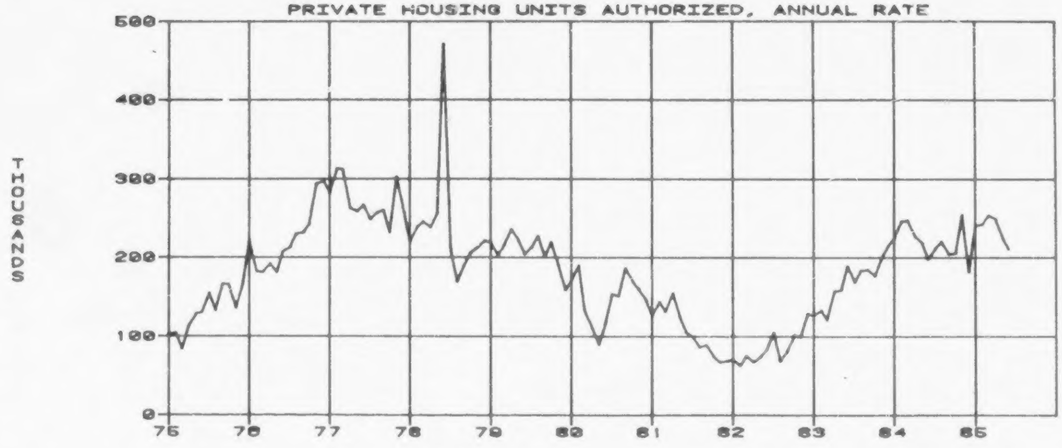
INDEX OF LEADING INDICATORS (1972=100)

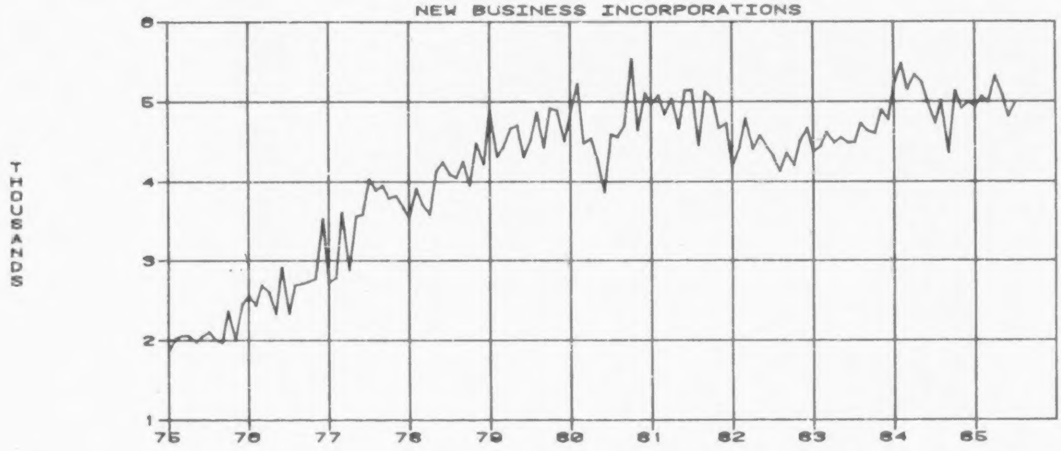


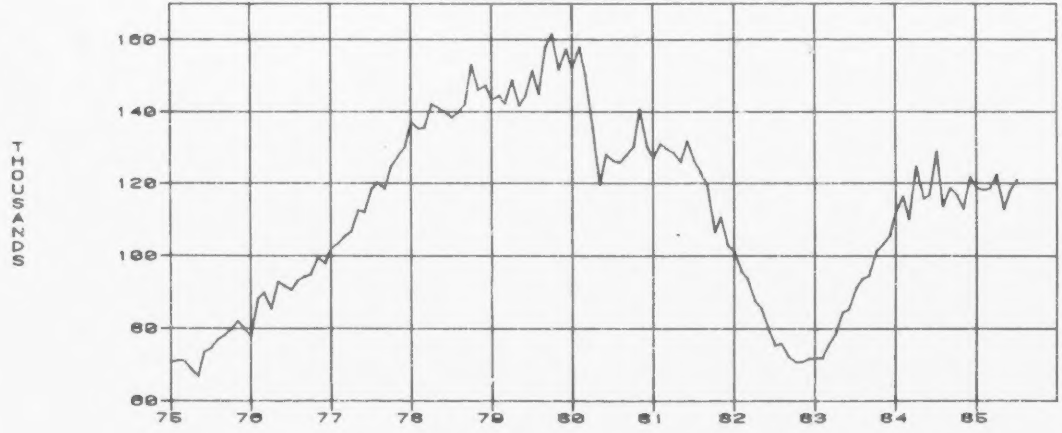
AVERAGE WEEKLY HOURS, MANUFACTURING

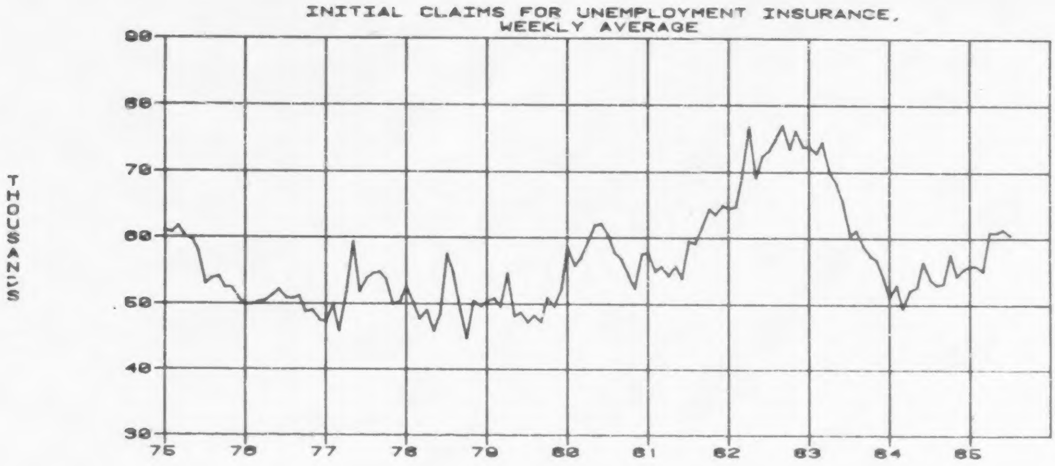


OVERTIME HOURS, MANUFACTURING

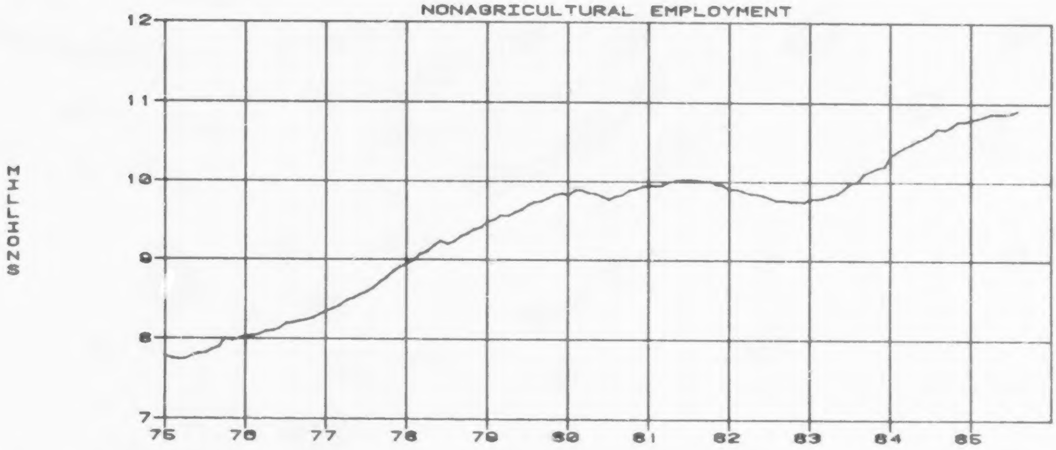

PRIVATE HOUSING UNITS AUTHORIZED, ANNUAL RATE


NEW BUSINESS INCORPORATIONS

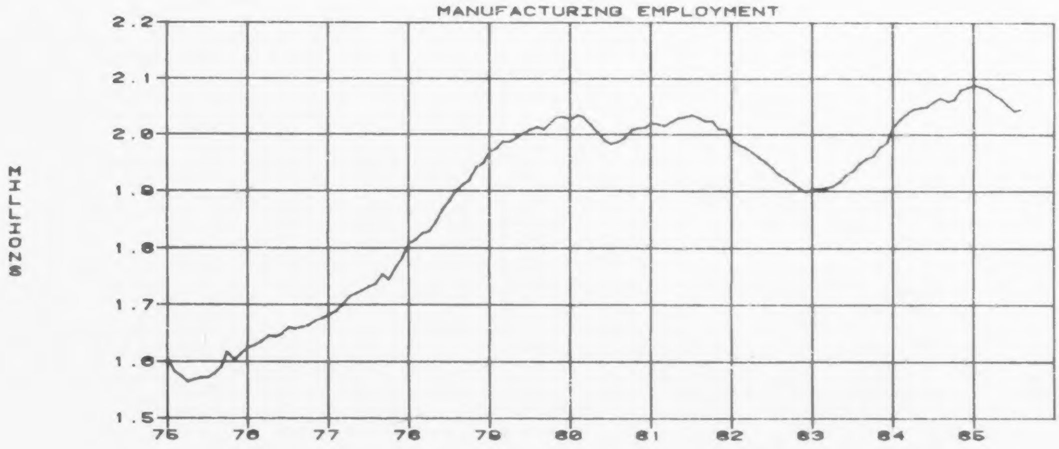

HELP WANTED ADS, LOS ANGELES



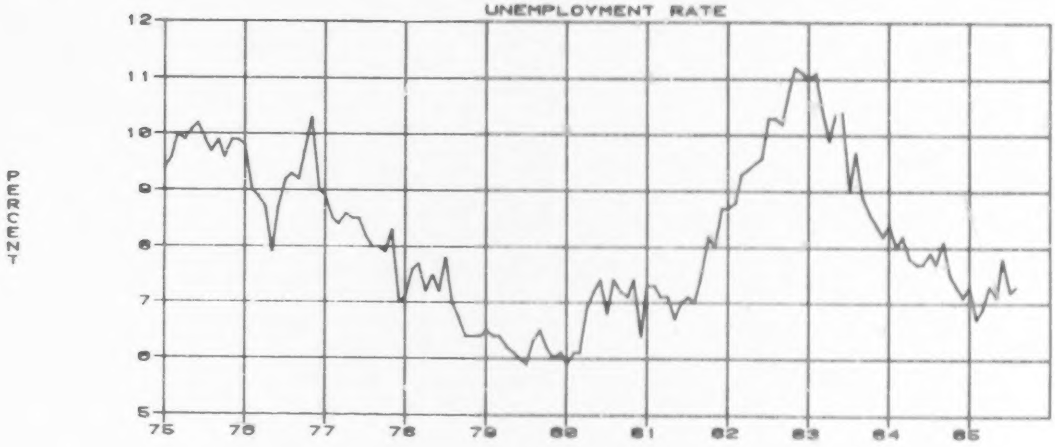
INITIAL CLAIMS FOR UNEMPLOYMENT INSURANCE, WEEKLY AVERAGE

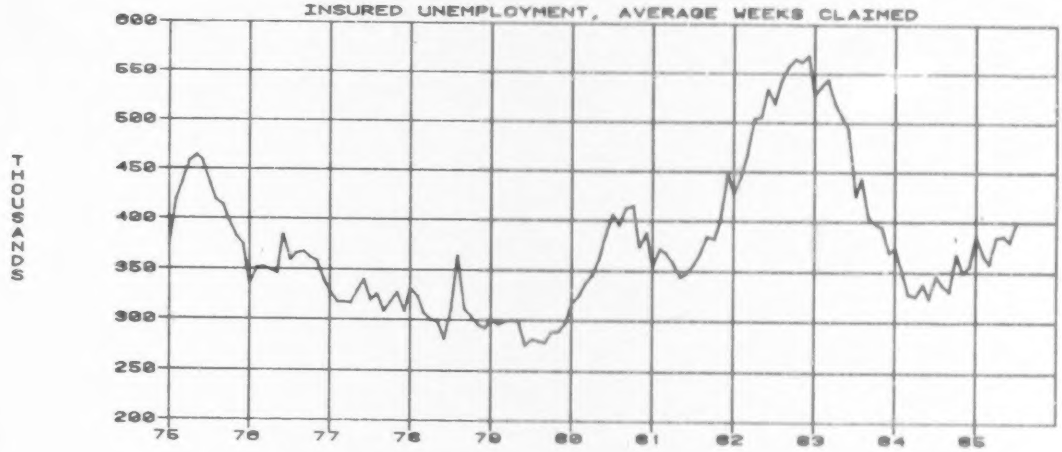


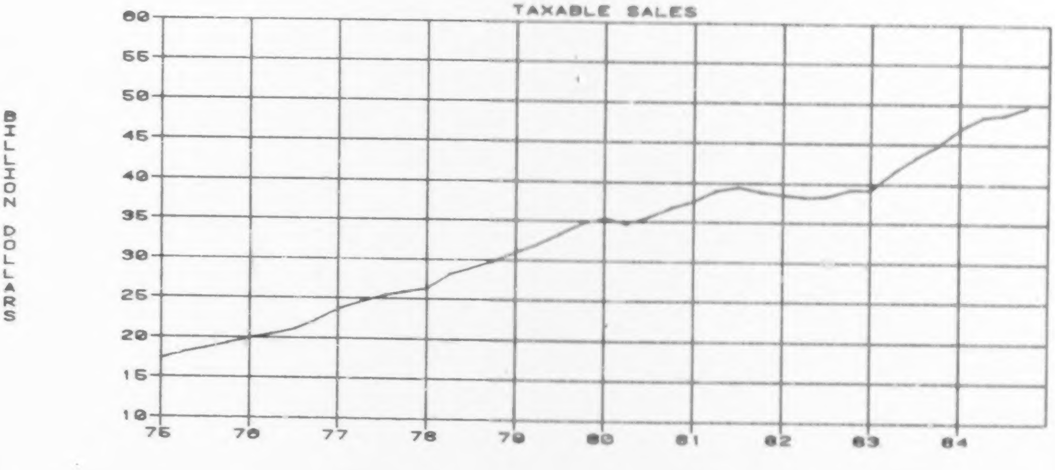
NONAGRICULTURAL EMPLOYMENT

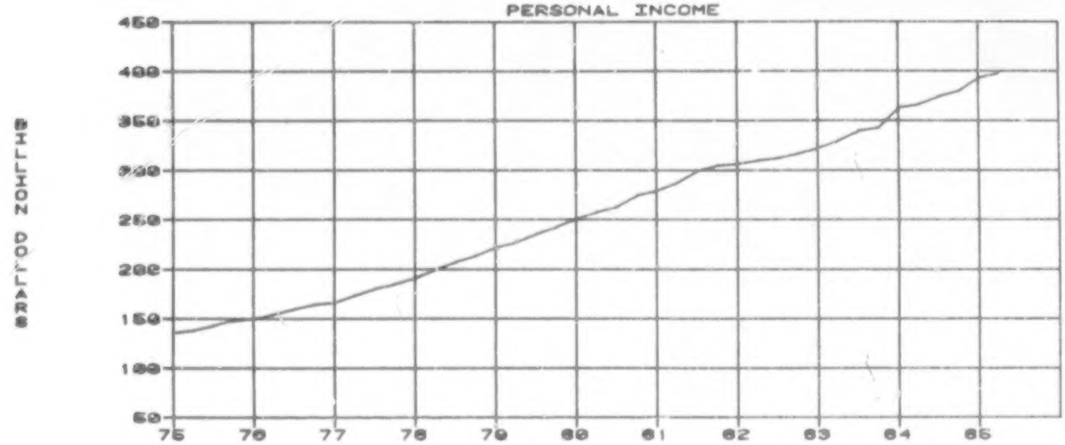


MANUFACTURING EMPLOYMENT

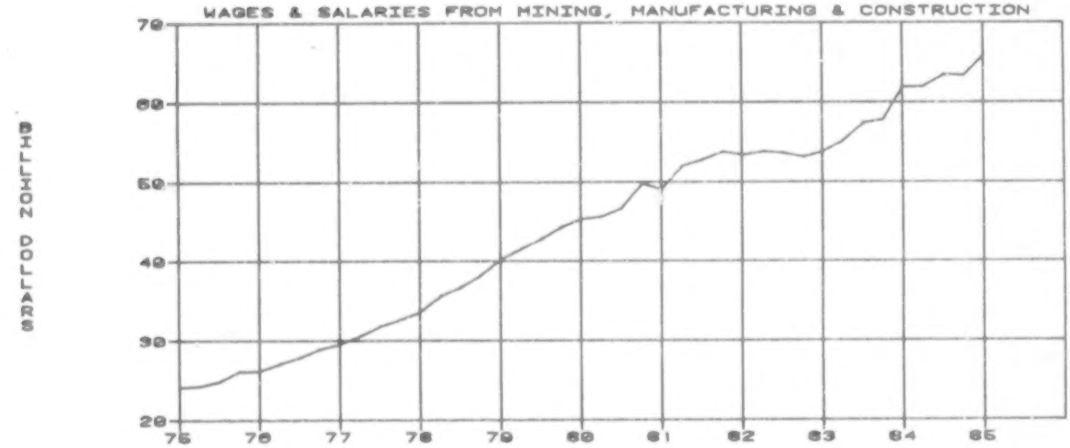

UNEMPLOYMENT RATE
PERCENT
12
11
10
9
8
7
6
5
75
76
77
78
79
80
81
82
83
84
85


INSURED UNEMPLOYMENT, AVERAGE WEEKS CLAIMED
THOUSANDS
600
550
500
450
400
350
300
250
200
75
76
77
78
79
80
81
82
83
84
85

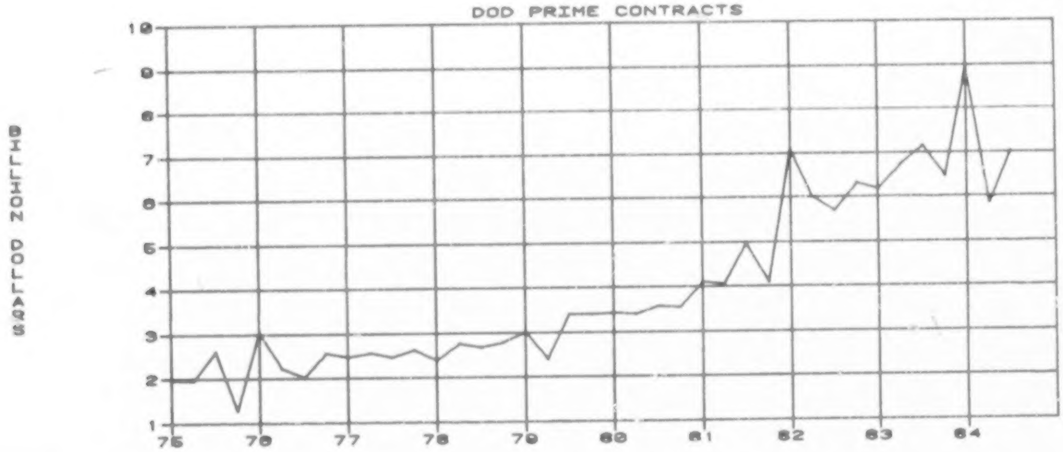

TAXABLE SALES
BILLION DOLLARS
60
55
50
45
40
35
30
25
20
15
10
75
76
77
78
79
80
81
82
83
84



PERSONAL INCOME

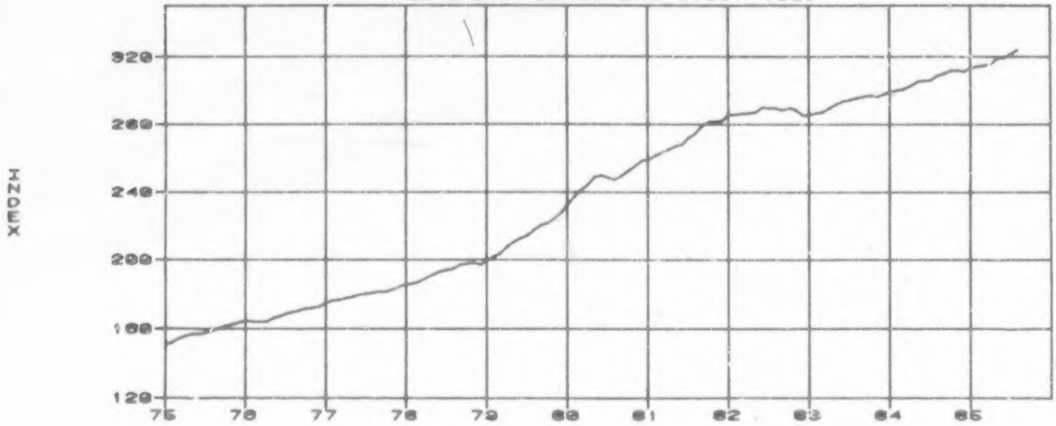


WAGES & SALARIES FROM MINING, MANUFACTURING & CONSTRUCTION

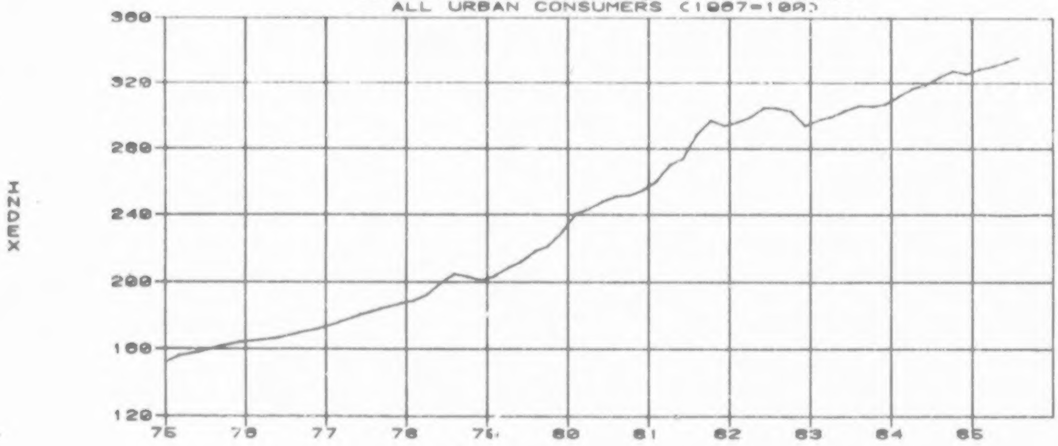


DOD PRIME CONTRACTS

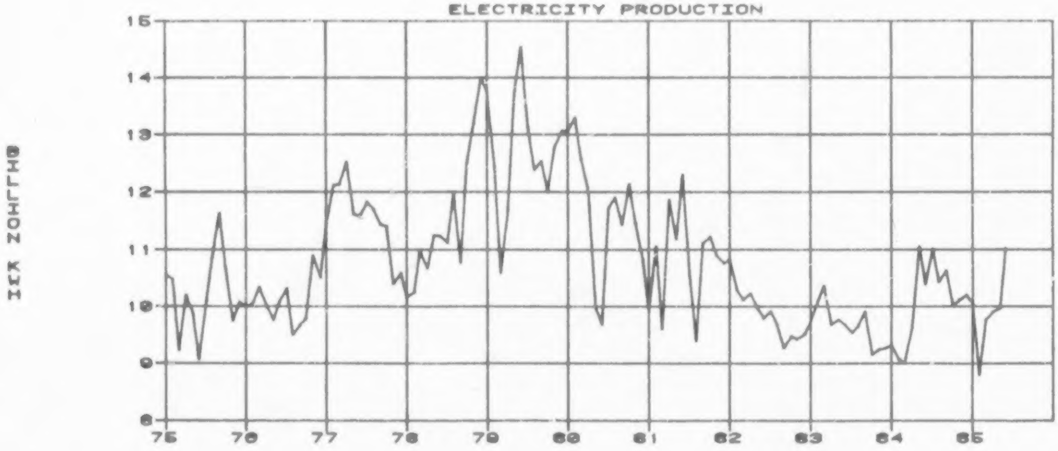
CONSUMER PRICE INDEX, LOS ANGELES
ALL URBAN CONSUMERS (1967=100)



CONSUMER PRICE INDEX, SAN FRANCISCO
ALL URBAN CONSUMERS (1967=100)



ELECTRICITY PRODUCTION



# BASIC DATA FOR CALIFORNIA ECONOMIC SERIES
(Seasonally Adjusted Except as Noted)

| Year and Month | Leading Indicators: Index of Leading Indicators (1972=100) | Average Weekly Hours, Manufacturing | Help Wanted Ads-- Los Angeles Area (thousands) | Initial Claims for Unemployment Insurance Weekly Avg. (thousands) | Overtime Hours Manufacturing | Total Housing Units Authorized (thousands) a/ | New Business Incorporations |
|---|---|---|---|---|---|---|---|
| 1981 | | | | | | | |
| January | 129.3 | 39.7 | 127.1 | 55.8 | 3.2 | 128.8 | 4,972 |
| February | 129.5 | 39.7 | 131.1 | 55.0 | 2.8 | 148.2 | 5,084 |
| March | 129.8 | 39.6 | 129.7 | 55.8 | 3.0 | 130.9 | 4,842 |
| April | 130.1 | 39.6 | 128.4 | 54.4 | 2.7 | 158.5 | 5,037 |
| May | 129.6 | 39.8 | 126.0 | 55.8 | 3.0 | 131.0 | 4,662 |
| June | 130.2 | 39.7 | 131.9 | 54.0 | 3.0 | 109.5 | 5,139 |
| July | 128.3 | 39.5 | 126.4 | 59.5 | 3.0 | 96.2 | 5,153 |
| August | 127.5 | 39.7 | 123.3 | 59.2 | 3.0 | 86.3 | 4,451 |
| September | 125.7 | 39.6 | 119.4 | 61.7 | 3.0 | 83.6 | 5,126 |
| October | 122.4 | 39.5 | 106.5 | 64.4 | 2.7 | 68.1 | 5,033 |
| November | 122.3 | 39.5 | 110.7 | 63.6 | 2.7 | 64.5 | 4,674 |
| December | 121.8 | 39.7 | 102.6 | 64.9 | 2.7 | 67.7 | 4,730 |
| 1982 | | | | | | | |
| January | 120.9 | 39.7 | 101.2 | 64.5 | 2.6 | 72.4 | 4,184 |
| February | 119.6 | 39.4 | 95.7 | 64.8 | 2.6 | 66.0 | 4,438 |
| March | 118.7 | 39.3 | 93.5 | 69.1 | 2.5 | 74.3 | 4,794 |
| April | 117.9 | 39.2 | 87.6 | 76.8 | 2.5 | 70.3 | 4,407 |
| May | 119.1 | 39.3 | 85.3 | 69.1 | 2.6 | 78.1 | 4,575 |
| June | 117.2 | 39.3 | 80.1 | 72.3 | 2.5 | 90.9 | 4,445 |
| July | 116.9 | 39.3 | 75.2 | 73.2 | 2.4 | 101.0 | 4,312 |
| August | 115.2 | 39.2 | 75.8 | 74.9 | 2.4 | 68.5 | 4,128 |
| September | 115.7 | 39.0 | 72.3 | 76.9 | 2.3 | 73.4 | 4,358 |
| October | 117.2 | 39.1 | 70.7 | 73.4 | 2.4 | 88.7 | 4,200 |
| November | 118.0 | 39.0 | 70.8 | 76.2 | 2.4 | 93.4 | 4,498 |
| December | 119.2 | 39.0 | 71.6 | 73.8 | 2.4 | 127.5 | 4,674 |
| 1983 | | | | | | | |
| January | 119.9 | 39.2 | 71.7 | 73.8 | 2.4 | 130.9 | 4,375 |
| February | 121.9 | 39.6 | 71.9 | 72.7 | 2.5 | 141.7 | 4,444 |
| March | 123.3 | 39.5 | 75.4 | 74.5 | 2.7 | 116.9 | 4,619 |
| April | 127.5 | 40.1 | 78.6 | 70.0 | 2.8 | 160.1 | 4,486 |
| May | 128.0 | 39.8 | 84.4 | 68.2 | 2.8 | 167.1 | 4,548 |
| June | 129.5 | 39.9 | 85.4 | 65.5 | 2.9 | 208.4 | 4,496 |
| July | 130.9 | 40.0 | 91.2 | 60.4 | 2.9 | 157.3 | 4,491 |
| August | 131.9 | 40.1 | 93.6 | 61.2 | 3.1 | 174.6 | 4,732 |
| September | 132.5 | 40.0 | 94.6 | 59.0 | 3.1 | 158.9 | 4,633 |
| October | 134.0 | 40.3 | 101.3 | 57.4 | 3.3 | 145.8 | 4,602 |
| November | 134.2 | 40.3 | 103.1 | 56.8 | 3.1 | 186.3 | 4,901 |
| December | 135.5 | 40.2 | 105.6 | 54.0 | 3.2 | 215.5 | 4,775 |
| 1984 | | | | | | | |
| January | 137.9 | 40.3 | 112.0 | 49.5 | 3.3 | 235.8 | 5,204 |
| February | 137.8 | 40.4 | 117.4 | 52.8 | 3.3 | 250.9 | 5,473 |
| March | 138.0 | 40.4 | 110.0 | 49.1 | 3.3 | 244.7 | 5,148 |
| April | 140.4 | 41.0 | 125.2 | 52.3 | 3.4 | 230.0 | 5,337 |
| May | 137.3 | 40.2 | 117.2 | 52.5 | 3.3 | 215.0 | 5,241 |
| June | 136.3 | 40.3 | 117.2 | 56.4 | 3.4 | 206.8 | 4,987 |
| July | 137.7 | 40.3 | 130.0 | 53.4 | 3.4 | 200.7 | 4,729 |
| August | 136.4 | 40.1 | 113.7 | 53.2 | 3.1 | 216.1 | 5,015 |
| September | 137.0 | 40.3 | 118.6 | 53.5 | 3.2 | 174.4 | 4,367 |
| October | 135.6 | 40.0 | 114.8 | 58.6 | 3.2 | 191.5 | 5,132 |
| November | 137.6 | 40.2 | 111.2 | 55.4 | 3.4 | 256.9 | 4,921 |
| December | 137.2 | 40.3 | 120.9 | 55.9 | 3.3 | 177.6 | 4,993 |
| 1985 | | | | | | | |
| January | 137.7 | 40.1 | 118.8 | 56.0 | 3.3 | 241.0 | 4,938 |
| February | 139.3 | 40.2 | 118.2 | 55.8 | 3.4 | 242.2 | 5,062 |
| March | 139.1 | 40.5 | 118.7 | 55.1 | 3.3 | 254.0 | 4,995 |
| April | 137.7 | 40.2 | 122.5 | 61.0 | 3.1 | 249.5 | 5,316 |
| May | 136.1 | 39.9 | 112.9 | 60.9 | 3.1 | 224.1 | 5,087 |
| June | 136.9 | 40.2 | 117.7 | 61.4 | 3.2 | 210.3 | 4,816 |
| July | 136.6 | 40.0 | 121.2 | 60.5 | 3.0 | | 5,007 |

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a/ Annual rate basis.

FR:0163C1

## BASIC DATA FOR CALIFORNIA ECONOMIC SERIES (Continued)
(Seasonally Adjusted Except as Noted)

| | Coincident Indicators | | | | | | Other Indicators |
|---|---|---|---|---|---|---|---|
| Year and Month | Nonagricultural Employment (thousands) | Wages and Salaries in Mining, Manufacturing and Construction (mil dol.) a/ | Unemployment Rate | Insured Unemployment Average Weeks Claimed (thousands) | Personal Income (mil dol.) a/ | Taxable Sales (mil dol.) a/ | Manufacturing Employment (thousands) |
| 1981 | | | | | | | |
| January | 9,950.1 | | 7.3 | 354 | | | 2,021.1 |
| February | 9,945.4 | 49,060 | 7.3 | 372 | 278,922 | 37,723 | 2,018.3 |
| March | 9,947.8 | | 7.1 | 368 | | | 2,015.2 |
| April | 9,996.9 | | 7.1 | 357 | | | 2,023.6 |
| May | 10,011.1 | 51,807 | 6.6 | 344 | 287,721 | 39,014 | 2,030.3 |
| June | 10,025.6 | | 6.9 | 348 | | | 2,031.7 |
| July | 10,020.1 | | 7.3 | 356 | | | 2,035.1 |
| August | 10,017.6 | 52,737 | 6.9 | 367 | 300,325 | 39,464 | 2,031.0 |
| September | 10,003.0 | | 7.6 | 384 | | | 2,024.2 |
| October | 10,004.0 | | 8.2 | 382 | | | 2,025.3 |
| November | 9,964.9 | 54,052 | 8.0 | 400 | 305,795 | 38,858 | 2,010.7 |
| December | 9,953.0 | | 8.7 | 448 | | | 2,009.5 |
| 1982 | | | | | | | |
| January | 9,901.7 | | 8.7 | 428 | | | 1,990.3 |
| February | 9,897.2 | 53,629 | 8.8 | 445 | 305,460 | 38,538 | 1,982.5 |
| March | 9,875.0 | | 9.3 | 467 | | | 1,977.6 |
| April | 9,844.5 | | 9.4 | 504 | | | 1,968.7 |
| May | 9,835.5 | 53,676 | 9.5 | 506 | 310,246 | 38,309 | 1,959.3 |
| June | 9,821.2 | | 9.6 | 534 | | | 1,951.0 |
| July | 9,786.7 | | 10.3 | 519 | | | 1,941.6 |
| August | 9,757.4 | 53,277 | 10.3 | 542 | 313,398 | 38,354 | 1,930.2 |
| September | 9,756.8 | | 10.2 | 557 | | | 1,923.0 |
| October | 9,745.5 | | 10.8 | 565 | | | 1,913.7 |
| November | 9,744.0 | 53,342 | 11.2 | 562 | 317,323 | 39,293 | 1,905.8 |
| December | 9,736.5 | | 11.1 | 568 | | | 1,899.3 |
| 1983 | | | | | | | |
| January | 9,782.8 | | 11.0 | 529 | | | 1,903.4 |
| February | 9,778.3 | 53,824 | 11.1 | 538 | 321,331 | 39,269 | 1,904.4 |
| March | 9,796.1 | | 10.5 | 544 | | | 1,905.8 |
| April | 9,828.3 | | 9.9 | 519 | | | 1,909.1 |
| May | 9,855.1 | 55,174 | 10.4 | 506 | 330,190 | 41,515 | 1,917.6 |
| June | 9,907.0 | | 10.4 | 494 | | | 1,928.4 |
| July | 9,993.8 | | 9.0 | 426 | | | 1,937.2 |
| August | 9,998.0 | 57,427 | 9.7 | 443 | 340,516 | 43,357 | 1,948.9 |
| September | 10,103.2 | | 8.9 | 404 | | | 1,956.9 |
| October | 10,140.4 | | 8.6 | 398 | | | 1,963.1 |
| November | 10,187.2 | 57,812 | 8.4 | 394 | 342,928 | 44,943 | 1,978.4 |
| December | 10,204.8 | | 8.2 | 369 | | | 1,985.2 |
| 1984 | | | | | | | |
| January | 10,339.2 | | 8.4 | 374 | | | 2,013.9 |
| February | 10,396.9 | 61,906 | 8.0 | 349 | 362,929 | 46,934 | 2,027.7 |
| March | 10,444.6 | | 8.2 | 328 | | | 2,036.2 |
| April | 10,482.9 | | 7.8 | 326 | | | 2,045.6 |
| May | 10,533.1 | 61,946 | 7.7 | 338 | 366,247 | 48,455 | 2,047.5 |
| June | 10,569.9 | | 7.7 | 324 | | | 2,050.0 |
| July | 10,626.0 | | 7.9 | 346 | | | 2,059.8 |
| August | 10,679.4 | 63,481 | 7.7 | 337 | 373,904 | 48,772 | 2,064.6 |
| September | 10,669.5 | | 8.1 | 330 | | | 2,059.0 |
| October | 10,708.3 | | 7.5 | 367 | | | 2,062.6 |
| November | 10,777.7 | 63,389 | 7.3 | 349 | 380,027 r/ | 49,692 | 2,079.3 |
| December | 10,780.6 | | 7.1 | 356 | | | 2,084.1 |
| 1985 | | | | | | | |
| January | 10,800.3r/ | | 7.3 | 386 | | | 2,089.1r/ |
| February | 10,816.7r/ | 65,837 | 6.7 | 367 | 393,174 r/ | | 2,086.0r/ |
| March | 10,845.5r/ | | 6.9 | 358 | | | 2,082.6r/ |
| April | 10,876.2r/ | | 7.3 | 385 | | | 2,072.2r/ |
| May | 10,875.2r/ | | 7.1 | 387 | 397,734 | | 2,063.4r/ |
| June | 10,864.9r/ | | 7.8 | 380 | | | 2,053.3r/ |
| July | 10,883.7r/ | | 7.2 | 400 | | | 2,042.7 |
| August | 10,911.8 | | 7.3 | 385 | | | 2,045.6 |

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a/Annual rate basis.

r/Revised

## BASIC DATA FOR CALIFORNIA ECONOMIC SERIES (Continued)
(Seasonally Adjusted Except as Noted)

Other Indicators

| Year and Month | DOD Prime Contracts (mil dol.)[a/] | Consumer Price Index (1967=100)[b/] San Francisco Wage Earner and Clerical Worker | San Francisco All Urban | Los Angeles Wage Earner and Clerical Worker | Los Angeles All Urban | Net New S&L Savings[b/] (mil dol.) | Electricity Production (mil KWH) |
|---|---|---|---|---|---|---|---|
| **1981** | | | | | | | |
| July | | -- | -- | 276.3 | 272.2 | -1,019 | 10,527 |
| August | 4,979 | 287.2 | 287.9 | 278.6 | 274.8 | -1,015 | 9,394 |
| September | | -- | -- | 282.9 | 279.3 | -540 | 11,112 |
| October | | 295.6 | 297.0 | 284.9 | 281.3 | 667 | 11,222 |
| November | 4,078 | -- | -- | 285.3 | 281.6 | -384 | 10,897 |
| December | | 292.7 | 294.0 | 285.9 | 282.1 | -109 | 10,754 |
| **1982** | | | | | | | |
| January | | -- | -- | 289.6 | 285.6 | 384 | 10,823 |
| February | 7,080 | 294.9 | 295.8 | 289.2 | 285.4 | 172 | 10,285 |
| March | | -- | -- | 290.2 | 286.4 | -180 | 10,114 |
| April | | 297.8 | 298.8 | 290.3 | 286.6 | -1,084 | 10,223 |
| May | 6,020 | -- | -- | 290.6 | 287.1 | -46 | 9,973 |
| June | | 303.4 | 304.6 | 293.9 | 290.1 | -1,139 | 9,795 |
| July | | -- | -- | 293.0 | 289.3 | -142 | 9,916 |
| August | 5,683 | 302.8 | 304.3 | 292.8 | 289.1 | -411 | 9,676 |
| September | | -- | -- | 291.7 | 288.2 | 78 | 9,275 |
| October | | 301.3 | 302.4 | 292.8 | 289.5 | -614 | 9,471 |
| November | 6,326 | -- | -- | 291.6 | 288.5 | 779 | 9,413 |
| December | | 293.6 | 293.9 | 288.0 | 285.3 | 3,492 | 9,515 |
| **1983** | | | | | | | |
| January | | -- | -- | 288.0 | 285.6 | 5,803 | 9,731 |
| February | 6,173 | 293.9 | 297.3 | 290.1 | 286.8 | 2,738 | 10,094 |
| March | | -- | -- | 289.6 | 287.1 | 1,992 | 10,360 |
| April | | 294.7 | 299.3 | 290.2 | 289.5 | 2,301 | 9,683 |
| May | 6,740 | -- | -- | 292.1 | 292.0 | 2,381 | 9,767 |
| June | | 298.6 | 303.0 | 292.1 | 293.6 | 1,043 | 9,675 |
| July | | -- | -- | 293.2 | 294.5 | 2,066 | 9,533 |
| August | 7,157 | 301.6 | 306.0 | 293.7 | 295.2 | 3,207 | 9,658 |
| September | | -- | -- | 296.7 | 296.4 | 3,476 | 9,920 |
| October | | 301.4 | 305.7 | 299.0 | 297.0 | 1,678 | 9,155 |
| November | 6,462 | -- | -- | 297.8 | 296.5 | 273 | 9,231 |
| December | | 306.1 | 307.3 | 299.9 | 297.7 | 2,227 | 9,269 |
| **1984** | | | | | | | |
| January | | -- | -- | 297.9 | 299.1 | 3,508 | 9,318 |
| February | 8,930 | 308.7 | 311.7 | 299.0 | 300.2 | 1,754 | 9,066 |
| March | | -- | -- | 297.9 | 300.7 | 3,167 | 9,001 |
| April | | 311.1 | 316.4 | 298.9 | 302.8 | 3,393 | 9,618 |
| May | 5,843 | -- | -- | 303.1 | 305.4 | 5,312 | 11,054 |
| June | | 315.1 | 318.7 | 303.4 | 305.6 | 3,322 | 10,385 |
| July | | -- | -- | 300.3 | 305.9 | 3,244 | 11,006 |
| August | 7,045 | 322.7 | 323.4 | 305.1 | 308.6 | -971 | 10,425 |
| September | | -- | -- | 304.2 | 310.2 | -160 | 10,633 |
| October | | 319.3 | 327.5 | 302.5 | 311.9 | 2,260 | 10,012 |
| November | | -- | -- | 304.2 | 311.8 | 1,434 | 10,108 |
| December | | 321.5 | 325.8 | 306.5 | 311.1 | 2,093 | 10,205 |
| **1985** | | | | | | | |
| January | | -- | -- | 308.1 | 313.0 | 917 | 10,046 |
| February | | 324.2 | 328.7 | 309.1 | 314.1 | -2,350 | 8,800 |
| March | | -- | -- | 309.8 | 314.7 | -585 | 9,774 |
| April | | 326.1 | 330.4 | 311.2 | 315.9 | -593 | 9,908 |
| May | | -- | -- | 314.1 | 319.1 | 838 | 9,972 |
| June | | 328.7 | 333.2 | 314.1 | 319.3 | | 11,025 |
| July | | -- | -- | 315.8 | 321.3 | | |
| August | | 330.8 | 335.8 | 318.0 | 323.9 | | |

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a/Quarterly data.
b/Not adjusted for seasonal variation.
r/Revised.

FR:0163C3

# CHRONOLOGY

The following summary lists economic, political, and natural developments which have influenced California economic indicators, and may account for unusual movements in the series. Appraisal of the charts will be facilitated in many cases by taking into consideration those factors which may be contributing to temporary directional changes in business activity which are not indicative of significant changes in the economic situation of the State. In addition, major national events of general interest have also been included.

## 1969

| | |
|---|---|
| January 1 | Social security contribution rate increased to combined 9.6 percent. |
| January 7 | Prime rate raised from 6-3/4 percent to 7 percent. |
| January 24 | FHA interest rate raised from 6-3/4 percent to 7-1/2 percent. |
| March 17 | Prime rate raised from 7 percent to 7-1/2 percent. |
| April 3 | Discount rate raised from 5-1/2 percent to 6 percent; reserve requirement raised. |
| June 9 | Prime rate raised from 7-1/2 percent to 8-1/2 percent. |
| June 12 | Required liquidity reserves of savings and loan associations lowered from 6-1/2 percent to 6 percent. |
| October 27-February 1970 | General Electric strike. |

## 1970

| | |
|---|---|
| January 1 | Personal income tax surcharge reduced to 5 percent. Withholding cut. |
| January 5 | FHA interest rate raised from 7-1/2 percent to 8-1/2 percent. |
| January 21 | Increased schedule of interest rates on time deposits and certificates of deposit in effect. |
| March 25 | Prime rate reduced from 8-1/2 percent to 8 percent. |
| April 2-June 2 | Teamster strike. |
| May 6 | Stock margin requirement cut from 80 percent to 65 percent. |
| July 1 | Personal income tax surcharge removed. |
| September 14-November 23 | UAW strike against GM. |
| September 22 | Prime rate reduced from 8 percent to 7-1/2 percent. |

## 1970--Continued

| | |
|---|---|
| November 10 | Discount rate reduced from 6 percent to 5-3/4 percent. |
| November 12 | Prime rate reduced from 7-1/2 percent to 7-1/4 percent. |
| November 23 | Prime rate reduced from 7-1/4 percent to 7 percent. |
| December 1 | Discount rate reduced from 5-3/4 percent to 5-1/2 percent. FHA interest rate reduced from 8-1/2 percent to 8 percent. |
| December 20 | 13-week extended duration unemployment benefits in effect. |
| December 22 | Prime rate reduced from 7 percent to 6-3/4 percent. |

## 1971

| | |
|---|---|
| January 6 | Prime rate reduced from 6-3/4 percent to 6-1/2 percent. |
| January 8 | Discount rate reduced from 5-1/2 percent to 5-1/4 percent. |
| January 12 | FHA interest rate reduced from 8 percent to 7-1/2 percent. |
| January 15 | Prime rate reduced from 6-1/2 percent to 6-1/4 percent. |
| January 18 | Prime rate reduced from 6-1/4 percent to 6 percent. |
| January 19 | Discount rate reduced from 5-1/4 percent to 5 percent. |
| February 4 | Rolls Royce bankruptcy announced. |
| February 9 | Los Angeles earthquake. |
| February 12 | Discount rate reduced from 5 percent to 4-3/4 percent. |
| February 16 | Prime rate reduced from 6 percent to 5-3/4 percent. |
| February 23 | Davis Bacon Act regulating construction wages on Federal projects suspended. Suspension revoked on March 29. Wage-price curbs ordered. |

## CHRONOLOGY--Continued

### 1971--Continued

| | |
|---|---|
| March 16 | Prime rate reduced from 5-3/4 percent to 5-1/2 percent. |
| March 17 | Social security bill signed. Benefits raised 10 percent, retroactive to Jaunary 1, 1971. Contribution base raised to $9,000 effective January 1, 1972. |
| March 25 | SST program terminated. |
| April 1 | Interest rates on savings accounts in California banks generally reduced from 4-1/2 percent to 4 percent. |
| April 23 | Prime rate raised from 5-1/4 percent to 5-1/2 percent. |
| May 1 | Liquidity ratio for savings and loan associations raised from 6-1/2 percent to 7-1/2 percent. |
| May 17-18 | Rail strike. |
| June 1-July 27 | Communications workers strike against Western Union. |
| June 15-21 | Prime rate increased from 5-1/2 percent to 5-3/4 percent. General rise to 6 percent on July 7. |
| June 29-July 16 | Northern California construction strike. |
| July 1-October 6 | West Coast dock strike. |
| July 14-August 2 | Telephone strike. |
| July 15 | Discount rate raised from 4-3/4 percent to 5 percent. |
| July 16-August 2 | Rail strike. |
| July 31 | Steel strike averted by accord on contract. |
| August 2 | Lockheed loan guarantee approval. |
| August 3 | Teamsters walkout in Northern California against building contractors. |
| August 15-November 13 | President's economic policy message; 90-day wage-price freeze in effect. |
| October 1 | East and Gulf Coast longshoremen's strike. |
| October 20 | Prime rate reduced from 6 percent to 5-3/4 percent. Further reduction to 5-1/2 percent on November 4. |

### 1971--Continued

| | |
|---|---|
| November 11 | Discount rate reduced from 5 percent to 4-3/4 percent. |
| November 14 | Phase II of NEP in effect. |
| December 6 | Stock margin requirements cut from 65 percent to 55 percent. |
| December 10 | Revenue Act of 1971 signed into law. |
| December 13 | Discount rate reduced from 4-3/4 percent to 4-1/2 percent. Prime rate lowered from 5-1/2 percent to 5-1/4 percent.*<br>Intent to devalue U.S. dollar announced. |

### 1972

| | |
|---|---|
| January 17-February 20 | West Coast dock strike continued. |
| February 1-March 15 | Kaiser Steel Company strike. |
| July 1 | 20 percent increase in social security benefits signed into law. Effective September. |
| September 11 | Opening of BART Fremont-Oakland line. |
| September 21 | "Friends of Mammoth" decision. |
| November 24 | Stock margin requirements raised to 65 percent. |

### 1973

| | |
|---|---|
| January 11 | Phase III of NEP in effect. |
| January 15 | Discount rate raised from 4-1/2 percent to 5 percent. |
| January 27 | Viet Nam cease fire signed. |
| January 29 | Opening of BART Richmond-Oakland line. |
| February 12 | 10 percent devaluation of U.S. dollar announced. |
| March 2 | Major foreign currency exchanges closed. |
| March 29 | Price controls of meat announced. |

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* Adoption of a floating prime rate in November 1971 has resulted in frequent minor adjustments in the rate. Information on the range of rates at any one time and the rate charged by the majority of commercial banks may be obtained from the Federal Reserve Bulletin.

## CHRONOLOGY--Continued

### 1973

| | |
|---|---|
| April 9-13 | Consumer meat boycott. |
| April 23 | Discount rate raised from 5-1/2 percent to 5-3/4 percent. |
| May 10 | Discount rate raised from 5-3/4 percent to 6 percent. |
| June 11 | Discount rate raised from 6 percent to 6-1/2 percent. |
| June 14 | 60-day price freeze announced. |
| July 2 | Discount rate raised from 6-1/2 percent to 7 percent. Increased reserve requirement on net demand deposits. |
| July 6 | Interest rates increased: FHA mortgage rate: 7 percent to 7-3/4 percent; bank savings rate: 4-1/2 percent to 5 percent; savings and loan rate: 5 percent to 5-1/4 percent. |
| July 18 | Phase IV announced. |
| August 27 | Prime rate at 9-3/4 percent in major institutions. |
| October 17 | Arab nations announce reductions in oil shipment. |
| November 5-December 18 | TWA strike. |

### 1974

| | |
|---|---|
| January 3 | Stock margin requirements cut from 65 percent to 50 percent. |
| February 1-11 | Independent truckers strike, midwest and east coast. |
| February 15 | Prime rate reduced to 9 percent. |
| February 22 | Prime rate reduced to 8-3/4 percent. |
| March 4 | California minimum wage increased to $2.00 per hour from $1.65. |
| March 18 | Arab oil embargo lifted. |
| March 27 | Prime rate increased to 9 percent from 8-3/4 percent. |
| March 28 | Prime rate further increased to 9-1/2 percent. |
| April 25 | Federal Reserve raised discount rate to 8 percent from 7-1/2 percent. |
| April 29 | Prime rate up to 10-3/4 percent. |

### 1974--Continued

| | |
|---|---|
| April 30 | Phase IV controls lifted in approximately 165 sectors of the economy. |
| June 17-August 4 | San Diego construction strike. |
| June 17-July 21 | Northern California construction strike. |
| July 1-Mid-August | Southern California construction strike. |
| July 1 | Transit strikes, San Francisco Bay Area. |
| August 2-October 21 | Los Angeles area transit strike. |
| August 8 | Resignation of President Nixon announced. |
| August 14 | FHA mortgage rate raised to 9-1/2 percent. |
| | Prime rate reduced from 12 percent to 11-3/4 percent on limited basis. Prevailing rate on date of major changes:<br>October 21....11 1/2 percent<br>October 28....11 1/4 percent<br>November 4....11 percent<br>November 14...10 3/4 percent<br>November 25...10 1/2 percent |
| October 8 | Prime rate reduced from 12 percent to 11-3/4 percent by several more large banks. |
| November 12-December 9 | Coal strike. |
| December 9 | Discount rate reduced from 8 percent to 7-3/4 percent. |

### 1975

| | |
|---|---|
| January 6 | Federal Reserve discount rate cut from 7-3/4 percent to 7-1/4 percent. |
| January 10 | Oil Chemical Atomic Workers Union strike. |
| January 13 | Prime rate reduced to 10 percent. Further major cuts as follows:<br>Jannuary 21.....9 3/4 percent<br>January 31......9 percent<br>February 6......8 3/4 percent<br>February 19.....8 1/2 percent<br>March 3.........8 1/4 percent<br>March 8.........8 percent |
| January 21 | FHA mortgage rate reduced from 9 percent to 8-1/2 percent. |
| February 5 | Federal Reserve discount rate cut from 7-1/4 percent to 6-3/4 percent. |

### 1975--Continued

| | |
|---|---|
| March 10 | Federal Reserve discount rate cut from 6-3/4 percent to 6-1/4 percent. |
| March 24 | Prime rate reduced to 7-1/2 percent by most major banks. |
| March 25 | King Faisal assassinated. |
| March 29 | Tax reduction act signed into law. |
| May 19 | Prime rate reduced to 7-1/4 percent by several major banks. |
| June 10 | Prime rate reduced to 7 percent by most banks. |
| July 18 | Prime rate increased to 7-1/4 percent. Further gains as follows:<br>July 25.......7-1/2 percent<br>August 11.....7-3/4 percent<br>September 15....8 percent |
| September 1 | National Airlines strike. |
| October 16 | Reserve requirement on time deposits reduced from 3 percent to 1 percent. |
| October 24 | Prime rate reduced to 7-3/4 percent. Further reductions as follows:<br>October 31......7-1/2 percent<br>November 21.....7-1/4 percent |
| December 5-19 | United Airlines strike. |

### 1976

| | |
|---|---|
| January 12 | Prime rate lowered to 7 percent. |
| January 19 | Federal Reserve discount rate lowered from 6 percent to 5-1/2 percent. |
| January 21 | Prime rate reduced to 6-3/4 percent. |
| April 1-3 | Teamsters strike. |
| April 9-June 4 | Prime rate moving upward, 6-3/4 percent to 7-1/4 percent at most major banks. |
| April 21 | Rubber workers strike. |
| July 20-August 2 | Cannery workers strike. |
| August 2 | Prime rate reduced to 7 percent. Further reductions as follows:<br>October 4......6-3/4 percent<br>October 29.....6-1/2 percent<br>December 10....6-1/4 percent |

### 1976--Continued

| | |
|---|---|
| September 15-October 13 | Auto workers strike. |
| October 18 | California minimum wage raised to $2.50 per hour. |
| December 22 | Prime rate reduced to 6 percent by Chase Manhattan Bank. Most banks maintain a prime rate of 6-1/4 percent. |

### 1977

| | |
|---|---|
| May 16 | Prime rate raised to 6-1/2 percent. |
| May 31 | Prime rate raised to 6-3/4 percent. |
| August 22 | Prime rate raised to 7 percent. |
| August 30 | Federal Reserve discount rate raised from 5-1/4 percent to 5-3/4 percent, the first increase since April 1974. |
| September 16 | Prime rate raised to 7-1/4 percent. |
| October 1-November 24 | Longshoremen's strike against East and Gulf Coast ports. |
| October 7 | Prime rate raised to 7-1/2 percent. |
| October 10-January 4 | IAM-Lockheed strike. |
| October 24 | Prime rate raised from 7-1/2 percent to 7-3/4 percent. |
| October 26 | Discount rate raised from 5-3/4 percent to 6 percent. |
| December 6-March 24 | United Mine Workers strike. |

### 1978

| | |
|---|---|
| January 1 | U.S. minimum wage increased to $2.65 per hour. |
| January 9 | Discount rate raised from 6 percent to 6-1/2 percent. |
| January 10 | Prime rate raised to 8 percent. |
| February 28 | FHA mortgage rate raised from 8-1/2 percent to 8-3/4 percent. |
| April 1 | California minimum wage increased from $2.50 to $2.65 per hour. |
| April 1-May 28 | United Airlines strike. |
| May 4 | Prime rate raised from 8 percent to 8-1/4 percent. |

## CHRONOLOGY--Continued

### 1978--Continued

| | |
|---|---|
| May 8 | California savings and loan assocations raised mortgage rates from 9-3/4 percent to 10 percent. |
| May 12 | Discount rate raised to 7 percent. |
| May 23 | Federal funds rate increased to 7-1/2 percent. |
| | FHA-VA mortgage rate raised from 8-3/4 percent to 9 percent. |
| May 26 | Prime rate raised from 8-1/4 percent to 8-1/2 percent. |
| June 6 | Proposition 13 approved by California voters. |
| June 16 | Prime rate raised to 8-3/4 percent. |
| June 20 | OPEC announced a freeze on crude oil prices until December 16. |
| June 22 | Federal funds rate raised from 7-1/2 percent to 7-3/4 percent. |
| June 29 | FHA-VA mortgage rate raised to 9-1/2 percent. |
| June 30 | Prime rate raised to 9 percent. |
| July 10 | Discount rate raised to 7-1/4 percent. |
| July 18 | Teamsters union strike affecting supermarkets throughout Northern California. |
| August 20 | Retail clerks union strike in Southern California. |
| August 21 | Discount rate raised to 7-3/4 percent. |
| August 29 | Federal funds rate raised from 8-1/8 percent to 8-1/4 percent. |
| August 31 | Prime rate raised by some eastern banks from 9 percent to 9-1/4 percent. |
| September 15 | Prime rate raised to 9-1/2 percent. |
| September 22 | Discount rate raised from 7-3/4 percent to 9-3/4 percent. |
| September 28 | Prime rate raised from 9-1/2 percent to 9-3/4 percent. |

### 1978--Continued

| | |
|---|---|
| October 12 | Prime rate raised from 9-3/4 percent to 10 percent. |
| October 15 | Tax cut and energy bills passed by Congress. |
| October 16 | Discount rate raised from 8 percent to 8-1/2 percent. |
| October 18 | Federal funds rate raised from 8-3/4 percent to 8-7/8 percent. |
| October 24 | Prime rate raised from 10 percent to 10-1/4 percent. |
| | California mortgage rates raised from 10 percent to 10-1/4 percent at several savings and loan institutions. |
| October 24 | Phase II announced: voluntary guidelines on wages and prices. |
| November 1 | Discount rate raised from 8-1/2 percent to 9-1/2 percent. |
| | Prime rate raised to 10-1/2 percent. |
| November 3 | Prime rate raised from 10-1/2 percent to 10-3/4 percent. |
| November 13 | Prime rate raised from 10-3/4 percent to 11 percent. |
| November 24 | Prime rate raised to 11-1/2 percent. |
| November 27 | Federal funds rate raised from 9-3/4 percent to 9-7/8 percent. |
| December 4 | Rollover for 6-month certificates of deposit (CDs) began this week. |
| December 19 | Federal funds rate raised to 10 percent. |
| December 20 | Prime rate raised to 11-3/4 percent. |

### 1979

| | |
|---|---|
| January 1 | U.S. minimum wage increased to $2.90 per hour. |
| January 13 | Prime rate reduced to 11-1/2 percent. |
| March 15 | Terms for MMCs changed. 1/4 point differential over 9 percent eliminated. |
| March 27 | OPEC price increases: 9 percent. Selected surcharges imposed. |

## CHRONOLOGY--Continued

### 1979--Continued

| | |
|---|---|
| March 31 | United Airlines-machinist strike. |
| April 1-10 | Teamsters strike. |
| May 7 | Prime rate moved to 11-3/4 percent from 11-1/2 percent. |
| May 19 | Federal funds rate set at 7-1/4 percent. |
| May 26 | United Airlines strike ended. |
| May 30 | Interest rate on conventional mortgages raised to 11-3/4 percent. |
| June 12 | Prime rate reduced to 11-1/2 percent. |
| July 1 | Interest rates on passbook accounts up to 5.5 percent at Savings and Loans and 5.25 percent for banks. |
| July 20 | Discount rate raised from 9-1/2 percent to 10 percent. |
| August 16 | Discount rate raised to 10-1/2 percent. |
| August 24 | Federal funds rate raised from 11 percent to 11-1/4 percent. |
| August 26-September 10 | Los Angeles Rapid Transit District strike. |
| August 28 | Prime rate raised from 12 percent to 12-1/4 percent. |
| August 31-November 21 | BART strike. |
| September 4 | Federal funds rate raised from 11-1/percent |

### 1980

| | |
|---|---|
| February 25 | Prime rate raised to 16-1/2 percent. |
| February 27 | Ceilings on interest rates for government backed mortgages raised to 13 percent. |
| February 29 | Prime rate raised to 16-3/4 percent. |
| March 4 | Prime rate raised to 17-1/4 percent. |
| March 7 | Prime rate raised to 17-3/4 percent. |
| March 13 | Prime rate raised to 18-1/4 percent. |

### 1980--Continued

| | |
|---|---|
| March 14 | Announcement of tighter fiscal policies. |
| March 17 | Three percent discount rate surcharge imposed. |
| March 18 | Prime rate raised to 19 percent. |
| April 2 | Prime rate raised to 20 percent. |
| April 3 | FHA mortgages raised to 14 percent. |
| April 20 | Prime rate reduced to 19-1/2 percent. |
| April 28 | FHA mortgages reduced to 13 percent. |
| | Prime rate reduced to 18-1/2 percent. |
| May 5 | Prime rate reduced to 18 percent. |
| May 7 | Prime rate reduced to 17 percent. |
| May 8 | Discount rate surcharge reimposed. |
| May 12 | Prime rate reduced to 16-1/2 percent. |
| May 19 | Prime rate reduced to 16 percent. |
| May 28 | Discount rate lowered to 12 percent from 13 percent. |
| June 4 | Prime rate reduced to 13 percent. |
| June 12 | Discount rate lowered to 11 percent. Prime rate reduced to 12-1/2 percent. |
| June 20 | Prime rate reduced to 12 percent. |
| June 24 | Prime rate reduced to 11-1/2 percent. Some conventional mortgage rates fell to 12 percent. |
| June 25 | Carpenters strike in Northern California ended. |
| July 3 | ICC begins trucking industry deregulation. |
| July 21 | Motion picture and television industry strike. |
| July 22 | Prime rate reduced to 11 percent. |
| July 25 | Prime rate reduced to 10-3/4 percent. |

## 1980--Continued

| | |
|---|---|
| July 28 | Discount rate reduced to 10 percent. |
| August 5 | Prime rate raised to 11 percent. |
| August 27 | Prime rate raised to 11-1/2 percent. |
| September 5 | FHA mortgage interest rate raised from 11-1/2 to 12 percent. |
| September 12 | California morgage rate raised from 13-1/2 percent to 13-3/4 percent. |
| September 25 | Pacific Southwest Airlines (PSA) pilots strike begins. |
| September 26 | Discount rate raised from 10 to 11 percent. Prime rate raised from 12-1/2 percent to 12-3/4 percent. |
| October 2 | Prime raised from 13 to 13-1/2 percent. |
| October 3 | Prime raised to 14 percent. |
| October 15 | AFTA workers return to work. |
| October 23 | Screen Actors Guild strike ends. |
| October 30 | Prime raised from 14 to 14-1/2 percent. |
| November 7 | Prime raised from 14-1/2 to 15-1/2 percent. |
| November 14 | PSA pilots strike ends. |
| November 17 | Prime raised to 16 1/4 percent. Discount rate raised from 11 to 12 percent and surcharge imposed. |
| November 21 | Prime raised to 17 percent. |
| November 28 | Prime raised to 17-3/4 percent. |
| December 3 | Prime raised from 17-3/4 to 18-1/2 percent. |
| December 5 | Discount rate raised from 12 to 13 percent. Prime raised to 19 percent. |
| December 11 | Prime raised to 20 percent. |
| December 17 | Prime raised from 20 to 21 percent. |
| December 23 | Prime lowered from 21 to 20-1/2 percent. |

## 1981

| | |
|---|---|
| January 1 | Minimum wage raised from $3.10 to $3.35. |
| January 6 | Prime lowered to 20 percent. |
| January 20 | American hostages released from Iran. |
| January 20 | Ronald Reagan inaugurated as 40th President of the U.S. |
| January 28 | Deregulation of oil and gas industry announced, effective immediately. |
| January 29 | Prime rate lowered to 19-1/2 percent from 20 percent. |
| February 16 | General Motors and Ford rebate plans announced. |
| February 23 | Prime rate lowered to 18 percent. |
| March 2 | Prime rate lowered to 18-1/2 percent. |
| March 10 | Prime rate lowered to 18 percent. |
| March 16 | Prime rate lowered to 17-1/2 percent. |
| March 18 | Prime rate lowered to 17 percent. |
| March 26 | United mine workers strike. |
| April 13 | Prime rate raised to 17-1/2 percent. |
| April 29 | Prime rate raised to 18 percent. |
| May 4 | Prime rate raised to 19 percent. |
| May 5 | Discount rate raised from 13 percent to 14 percent. |
| May 8 | FHA-VA rate up to 15-1/2 percent from 14-1/2 percent. |
| May 11 | Prime rate raised to 19-1/2 percent. |
| May 22 | Prime rate raised to 20 percent. |
| May 27 | OPEC fails to agree on a uniform price schedule. OPEC officials freeze prices at current level. |
| June 5 | Dollar reaches highest level in international trading since December 1971. |

CHRONOLOGY--Continued

1981--(Continued)

| | |
|---|---|
| June 8 | Coal miners end 72 day strike and ratify a 40-month contract. |
| July 8 | Prime rate raised to 20-1/2 percent. |
| August 3 | Air traffic controller's strike. |
| August 14 | President Reagan signs both the tax- and budget-cut bills into law. |
| August 18 | FHA-VA rate up to 16-1/2 percent from 15-1/2 percent. |
| September 1 | Prime rate lowered to 20 percent. |
| September 21 | Prime rate lowered to 19-1/2 percent. |
| September 22 | Fed surcharge cut to 3 percent from 4 percent. |
| October 6 | Prime rate lowered to 19 percent.<br>Egyptian President Sadat assassinated. |
| October 13 | Prime rate lowered to 18 percent. |
| October 30 | OPEC price set at $34.00/barrel--the Saudi benchmark. |
| November 1 | Passbook interest rate raised 1/2 percent to 5-3/4 percent. |
| November 2 | Fed discount rate cut from 14 percent to 13 percent.<br>Prime rate lowered to 17-1/2 percent. |
| November 10 | Prime rate lowered to 17 percent. |
| November 13 | Prime rate lowered to 16-1/2 percent.<br>FHA mortgage rate lowered to 15-1/2 percent. |
| November 16 | Prime rate lowered to 16 percent. |
| November 17 | Fed eliminates 2 percent surcharge. Discount rate unaffected. |
| December 1 | Prime rate lowered to 15-1/2 percent. |
| December 4 | Fed discount rate lowered from 13 percent to 12 percent. |

1981--(Continued)

| | |
|---|---|
| December 12 | Martial law imposed in Poland. |

1982

| | |
|---|---|
| January 22 | Federal funds rate raised to 13-1/2 percent. |
| January 25 | FHA mortgage rate increased from 15-1/2 percent to 16-1/2 percent. |
| January 27 | Federal funds rate raised to 13-3/4 percent. |
| February 2 | Prime rate raised to 16-1/2 percent by Citibank and Crocker. |
| February 18 | Prime rate increased to 17 percent. |
| February 24 | Prime rate cut back to 16-1/2 percent. |
| March 1 | Ford-UAW Pact ratified. Workers give up two weeks of paid time off and annual 3 percent raises. |
| March 8 | Prime rate lowered to 16 percent. |
| March 16 | Prime rate back up to 16-1/2 percent. |
| April 1 | OPEC cuts production to 17.5 million barrels from current 18.2. Saudi bench mark set at $34/barrels. |
| April 5 | Unemployment rate nationally hits 9.0 percent tying the post-WW II high in May 1975. |
| April 12 | General Motor and United Auto Workers labor agreement approved. |
| April 26 | The U.S. consumer price index declined 0.3 percent--the first decline in 17 years and the largest drop in nearly a quarter of a century. |
| May 7 | U.S. unemployment rate reaches 9.4 percent for a post-WW II record. |
| May 13 | Braniff Air Lines ceases operation. |
| June 25 | Secretary of State Alexander Haig resigns. |
| June 28 | U.S. Supreme Court rules that federally chartered savings and loan associations cannot be prohibited from enforcing due-on-sale clauses in their mortgage contracts. |

## 1982--Continued

| | |
|---|---|
| July 20 | Discount rate lowered from 12 percent to 11-1/2 percent. Prime rate lowered from 16-1/2 percent to 16 percent. |
| July 27 | Prime rate lowered to 15-1/2 percent. |
| August 2 | Discount rate lowered to 11 percent. Prime rate lowered to 15 percent. |
| August 9 | Unemployment rate reached 9.8 percent in July--the highest level since a 9.9 percent rate in 1941. |
| August 16 | Discount rate cut from 11 percent to 10-1/2 percent. Most major banks lower their prime lending rates to 14-1/2 percent. |
| August 18 | Dow Jones Industrial Average rose 38.81 points--an all-time record. |
| August 19 | The stock market trading soared to a record 132,690,000 shares. |
| August 27 | Discount rate lowered to 10 percent. Prime rate lowered to 13.5 percent. |
| September 19 | National Football League players strike began. |
| | Railroad strike involving locomotive engineers began. |
| September 23 | Railroad strike ends. |
| September 24 | FHA mortgage loan rate lowered from 14 percent to 13.5 percent. |
| October 7 | Prime rate lowered to 13 percent. |
| October 12 | Discount rate lowered from 10 percent to 9-1/2 percent. |
| October 15 | Prime rate lowered to 12 percent. |
| November 1 | General Motors reduces auto financing interest rate from 18.0 percent to 10.9 percent. |
| November 22 | Discount rate cut from 9-1/2 percent to 9 percent. |
| November 23 | Prime rate lowered from 12 percent to 11-1/2 percent. |

## 1982 (Continued)

| | |
|---|---|
| December 13 | Discount rate cut to 8-1/2 percent. |
| December 14 | Introduction of money market deposit accounts by banks and S&Ls. |

## 1983

| | |
|---|---|
| January 5 | Super NOW accounts introducted. |
| January 11 | Prime rate lowered to 11 percent. |
| January 31 | Independent truckers strike begins. |
| February 10 | Independent truckers strike end. |
| February 15 | Toyota/GM agreement to build a small car in late 1984. |
| February 25 | Prime rate lowered to 10-1/2 percent. |
| March 14 | OPEC sets $29 per barrel benchmark price and production quota of 17.5 million barrels. |
| May 2 | A 6.5 magnitude earthquake strikes the town of Coalinga. |
| June 8 | The maximum rate on government-backed mortgages was raised from 11-1/2 percent to 12 percent. |
| June 18 | Paul Volcker reappointed as Federal Reserve Board Chairman. |
| June 24 | The Federal Budget deficit totalled a record $29.29 billion in May. |
| July 7 | The maximum rate on government-backed mortgages was raised from 12 percent to 12-1/2 percent. |
| July 13 | Chrysler Corporation announced it will repay the remaining $800 million in federally guaranteed loans by September, seven years before they are due. |
| July 25 | The Washington Public Power Supply System defaulted on $2.25 billion in bonds, creating the largest municipal default in U.S. history. |

### 1983 (Continued)

| | |
|---|---|
| August 1 | California's $1.2 billion offering of revenue-anticipation notes, the State's largest note issue, drew strong investor interest. Notes totalling $700 million, maturing next April and June, were oversubscribed. |
| August 2 | The maximum rate on government backed mortgages rose from 12-1/2 percent to 13-1/2 percent. |
| August 7 | The Communications Workers of America and two other unions strike AT&T. |
| August 8 | Prime rate raised from 10-1/2 percent to 11 percent by most major banks. |
| August 23 | The maximum rate on government backed mortgages fell from 13-1/2 percent to 13 percent. |
| August 28 | AT&T strike ends. |
| September 1 | Soviet Union shoots down Korean Airlines Flight 007, New York to Seoul, near the Soviet Island of Salhalin, just north of Japan. |
| November 1 | Maximum rate on VA & FHA mortgages lowered from 13 percent to 12.5 percent. |
| November 3 | Strike against Greyhound Lines Inc. begins. |
| December 1 | FHA mortgage interest rates begin to float. VA rates are still pegged. |
| December 21 | Greyhound strike ends. |

### 1984

| | |
|---|---|
| January 3 | Breakup of AT&T becomes effective. |
| February 2 | Contemporaneous reserve accounting is required by Fed for all but the very small deposit-taking institutions. |
| March 19 | Prime rate raised from 11 percent to 11-1/2 percent. |
| March 20 | Maximum rate on VA loans raised from 12-1/2 to 13 percent. |

### 1984 (Continued)

| | |
|---|---|
| April 4 | Prime rate raised from 11-1/2 percent to 12 percent. |
| April 9 | Discount rate raised from 8-1/2 percent to 9 percent; the first change in 3 years. |
| May 5 | Prime rate raised from 12 percent to 12-1/2 percent. |
| June 26 | Prime rate raised from 12-1/2 percent to 13 percent. |
| September 3 - December 7 | Hotel and restaurant strike - San Francisco. |
| September 15 - October 14 | UAW-General Motors strike. |
| September 28 | Prime rate reduced from 13 percent to 12-3/4 percent. |
| October 16 | Prime rate reduced from 12-3/4 percent to 12-1/2 percent. |
| October 28 | Prime rate reduced from 12-1/2 percent to 12 percent. |
| November 7 | Prime rate reduced from 12 percent to 11-3/4 percent. |
| November 21 | Discount rate reduced from 9 percent to 8-1/2 percent. |
| November 28 | Prime rate reduced from 11-3/4 percent to 11-1/4 percent. |
| December 17 | Prime rate reduced from 11-1/4 percent to 10-3/4 percent. |
| December 24 | Discount rate reduced from 8-1/2 percent to 8 percent. |

### 1985

| | |
|---|---|
| January 1 | Federal price controls removed from approximately half of the natural gas produced in the United States. |
| January 15 | Prime rate reduced from 10-3/4 percent to 10-1/2 percent. |
| March 9 | Home State Savings Bank Cincinnati, Ohio closed. |
| March 15 | Seventy Ohio thrift institutions closed to prevent run on deposits. |
| March 25 | Maximum rate on VA loans raised from 12-1/2 percent to 13 percent. |

1985 (Continued)

| | |
|---|---|
| May 2 | Auto manufacturer's initiate low interest loan programs. |
| May 17-<br>June 14 | United Airlines--Air Pilots Association strike. |
| May 17 | Prime rate reduced from 10-1/2 percent to 10 percent. |
| May 20 | Dow Jones Industrials close above 1,300 for the first time. |
| May 29 | Presidents' tax reform plan unveiled. |
| June 18 | Prime rate reduced to 9 1/2 percent from 10 1/2 percent. |
| July 16 | Conventional mortgage rates fell to 12.03 percent average--the lowest since October 1979. |
| July 22 | 8,200 steelworkers go on strike at Wheeling Pittsburgh--the industry's first major walkout in 26 years. |
| September 4 | The Farm Credit System seeks a Federal bailout of its $74 billion loan portfolio. |
| September 16 | Saudi Arabia announces plans to boost oil production and cut prices. |

# SOURCES OF STATISTICAL SERIES

| | |
|---|---|
| Employment Development Department Employment Data and Research | Civilian Employment<br>Unemployment<br>Unemployment rate<br>Nonagricultural employment<br>Manufacturing employment<br>Hours and earnings<br>Nonagricultural placements<br>Initial claims for unemployment insurance<br>Insured unemployment<br>Index for production worker hours |
| Department of Industrial Relations Division of Labor Statistics and Research | California consumer price index |
| Department of Finance | Personal income<br>Wages and salaries<br>Index of leading indicators |
| Department of Motor Vehicles | New auto registrations |
| State Board of Equalization | Taxable sales |
| Security Pacific National Bank | Housing units authorized<br>Valuation of nonresidential construction |
| U.S. Department of Commerce | Retail sales |
| U.S. Bureau of Labor Statistics | Consumer price indices |
| U.S. Department of Defense | Prime defense contracts |
| U.S. Department of Energy | Electricity production |
| California Redwood Association | Lumber production |
| Conservation Committee of California Oil Producers | Petroleum production |
| American Iron and Steel Institute | Steel production |
| U.S. Bureau of Mines | Cement production |
| California Secretary of State | New business incorporations |
| Federal Reserve Bank of San Francisco | Demand deposits<br>Commercial and industrial loans |

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## REFERENCE DATES OF UNITED STATES BUSINESS CYCLES, 1854-1982

| Initial Trough | Peak | Terminal Trough | Expansion (months) | Contraction (months) | Total (months) |
|---|---|---|---|---|---|
| Dec. 1854 | June 1857 | Dec. 1858 | 30 | 18 | 48 |
| Dec. 1858 | Oct. 1860 | June 1861 | 22 | 8 | 30 |
| June 1861 | April 1865 | Dec. 1867 | 46 | 32 | 78 |
| Dec. 1867 | June 1869 | Dec. 1870 | 18 | 18 | 36 |
| Dec. 1870 | Oct. 1873 | March 1879 | 34 | 65 | 99 |
| March 1879 | March 1882 | May 1885 | 36 | 38 | 74 |
| May 1885 | March 1887 | April 1888 | 22 | 13 | 35 |
| April 1888 | July 1890 | May 1891 | 27 | 10 | 37 |
| May 1891 | Jan. 1893 | June 1894 | 20 | 17 | 37 |
| June 1894 | Dec. 1895 | June 1897 | 18 | 18 | 36 |
| June 1897 | June 1899 | Dec. 1900 | 24 | 18 | 42 |
| Dec. 1900 | Sept. 1902 | Aug. 1904 | 21 | 23 | 44 |
| Aug. 1904 | May 1907 | June 1908 | 33 | 13 | 46 |
| June 1908 | Jan. 1910 | Jan. 1912 | 19 | 24 | 43 |
| Jan. 1912 | Jan. 1913 | Dec. 1914 | 12 | 23 | 35 |
| Dec. 1914 | Aug. 1918 | March 1919 | 44 | 7 | 51 |
| March 1919 | Jan. 1920 | July 1921 | 10 | 18 | 28 |
| July 1921 | May 1923 | July 1924 | 22 | 14 | 36 |
| July 1924 | Oct. 1926 | Nov. 1927 | 27 | 13 | 40 |
| Nov. 1927 | Aug. 1929 | March 1933 | 21 | 43 | 64 |
| March 1933 | May 1937 | June 1938 | 50 | 13 | 63 |
| June 1938 | Feb. 1945 | Oct. 1945 | 80 | 8 | 88 |
| Oct. 1945 | Nov. 1948 | Oct. 1949 | 37 | 11 | 48 |
| Oct. 1949 | July 1953 | May 1954 | 45 | 10 | 55 |
| May 1954 | Aug. 1957 | April 1958 | 39 | 8 | 47 |
| April 1958 | April 1960 | Feb. 1961 | 24 | 10 | 34 |
| Feb. 1961 | Dec. 1969 | Nov. 1970 | 106 | 11 | 117 |
| Nov. 1970 | Nov. 1973 | March 1975 | 36 | 16 | 52 |
| March 1975 | Jan. 1980 | July 1980 | 58 | 6 | 64 |
| July 1980 | July 1981 | November 1982 | 12 | 16 | 28 |

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